62-80295-65

PUBLIC UTILITIES (Continued)

	Rate	Maturity	Principal Amount
Consolidated Edison Co., of New York, Inc., First & Ref. Mtge. D.	3	1972	100,000
Consolidated Edison Co., of New York, Inc., First & Ref. Mtge. E.	3	1979	150,000
Consolidated Edison Co., of New York, Inc., First & Ref. Mtge. A.	2¾	1982	350,000
Consolidated Edison Co., of New York, Inc., First & Ref. Mtge. H.	3⅜	1982	100,000
Consolidated Edison Co., of New York, Inc., First & Ref. Mtge. I.	3½	1983	200,000
Consolidated Gas, Elec. Lt. & Pr. Co. of Baltimore, First Ref. Mtge. U.	2⅞	1981	600,000
Consolidated Gas, Elec. Lt. & Pr. Co. of Baltimore, First Ref. Mtge. Z.	3	1989	400,000
Consolidated Natural Gas Co., Deb.	3	1978	250,000
Consolidated Natural Gas Co., Deb.	3⅛	1979	500,000
Consumers Power Co., First Mtge.	2⅞	1975	300,000
Consumers Power Co., First Mtge.	2⅞	1977	150,000
Consumers Power Co., First Mtge.	3	1984	300,000
Dallas Power & Light Co., First Mtge.	2⅞	1979	300,000
Dallas Power & Light Co., First Mtge.	2¾	1980	300,000
Dallas Power & Light Co., First Mtge.	3½	1983	150,000
Dayton Power & Light Co., First Mtge.	2¾	1975	300,000
Dayton Power & Light Co., First Mtge.	3	1978	300,000
Delaware Power & Light Co., First Mtge. & Coll. Tr.	2¾	1980	400,000
Detroit Edison Co., Gen. & Ref. Mtge. H.	3	1970	50,000
Detroit Edison Co., Gen. & Ref. Mtge. I.	2¾	1982	300,000
Detroit Edison Co., Gen. & Ref. Mtge. J.	2¾	1985	250,000
Detroit Edison Co., Gen. & Ref. Mtge. N.	2⅞	1984	150,000
~~Duquesne Light Co., First Mtge.~~	~~2¾~~	~~1977~~	~~400,000~~
Duquesne Light Co., First Mtge.	2⅝	1979	100,000
Duquesne Light Co., First Mtge.	2¾	1980	100,000
Gulf Power Co., First Mtge.	3¼	1984	500,000
Gulf States Utilities Co., First Mtge.	3	1978	398,000
Gulf States Utilities Co., First Mtge.	2¾	1979	100,000
Gulf States Utilities Co., First Mtge.	2¾	1980	100,000
Houston Lighting & Power Co., First Mtge.	2⅞	1974	170,000
Houston Lighting & Power Co., First Mtge.	3	1989	630,000
Illinois Bell Tel. Co., First Mtge. B.	3	1978	465,000
Illinois Bell Tel. Co., First Mtge. A.	2¾	1981	235,000
Illinois Power Co., First Mtge.	2⅞	1976	100,000
Illinois Power Co., First Mtge.	2⅞	1979	199,000
Illinois Power Co., First Mtge.	2¾	1980	300,000
Illinois Power Co., First Mtge.	3½	1982	200,000
Indiana & Michigan Elec. Co., First Mtge.	3	1978	200,000
Indiana & Michigan Elec. Co., First Mtge.	2¾	1980	400,000
Indianapolis Power & Light Co., First Mtge.	3	1974	200,000
Indianapolis Power & Light Co., First Mtge.	2⅞	1979	400,000
Indianapolis Power & Light Co., First Mtge.	3⅜	1983	150,000
Iowa Power & Light Co., First Mtge.	3¼	1973	79,000
Iowa Power & Light Co., First Mtge.	3	1978	210,000
Iowa Power & Light Co., First Mtge.	2¾	1979	209,000
Kansas City Power & Light Co., First Mtge.	2¾	1976	200,000
Kansas City Power & Light Co., First Mtge.	2⅞	1978	200,000
Kansas City Power & Light Co., First Mtge.	2¾	1980	200,000
Long Island Lighting Co., First Mtge.	3⅜	1982	400,000
Louisville Gas & Electric Co., First Mtge.	2¾	1979	600,000
Louisville Gas & Electric Co., First Mtge.	3⅛	1984	250,000
Michigan Bell Tel. Co., Deb.	3⅛	1988	550,000
Michigan Cons. Gas Co., First Mtge.	3½	1980	500,000
Missouri Power & Light Co., First Mtge.	2¾	1976	350,000
Missouri Power & Light Co., First Mtge.	2¾	1979	250,000
Missouri Power & Light Co., First Mtge.	3¼	1984	300,000
Mountain States Tel. & Tel. Co., Deb.	3⅛	1978	400,000
Mountain States Tel. & Tel. Co., Deb.	2⅝	1986	200,000
Mountain States Tel. & Tel. Co., Deb.	3	1989	200,000
New England Tel. & Tel. Co., Deb.	3	1982	400,000
New Jersey Bell Tel. Co., Deb.	3⅛	1988	400,000
New Jersey Bell Tel. Co., Deb.	3	1989	305,000
New Jersey Bell Tel. Co., Deb.	2¾	1990	45,000
New Jersey Power & Light Co., First Mtge.	3⅛	1984	500,000
New York Power & Light Corp., First Mtge.	2¾	1975	300,000
New York Telephone Co., Ref. Mtge. E.	3⅛	1978	100,000
New York Telephone Co., Ref. Mtge. F.	3	1981	270,000
New York Telephone Co., Ref. Mtge. D.	2¾	1982	230,000
Niagara Mohawk Power Corp., Gen. Mtge.	2¾	1980	300,000
Niagara Mohawk Power Corp., Gen. Mtge.	3⅛	1984	300,000
Northern Illinois Gas Co., First Mtge.	3½	1979	315,000

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BONDS OWNED ON DECEMBER 31, 1955

GENERAL AMERICAN LIFE INSURANCE COMPANY

GOVERNMENT—UNITED STATES

	Rate	Maturity	Principal Amount
United States Treasury Bills		Jan. 19, 1956	$ 300,000
United States Treasury Bonds	2½	Dec. 15, 1969-64	2,550,000
United States Treasury Bonds	2½	Mar. 15, 1970-65	1,500,000
United States Treasury Bonds	2½	Mar. 15, 1971-66	1,370,000
United States Treasury Bonds	3¼	June 15, 1983-78	100,000
United States Treasury Bonds, B	2¾	April 1, 1980-75	15,543,000
United States Savings Bonds, G	2½	Various	2,500,000
			$23,863,000

PUBLIC UTILITIES

	Rate	Maturity	Principal Amount
Alabama Power Company, First Mtge.	3½	1972	$ 77,000
American Tel. & Tel. Co., Deb.	2¾	1971	200,000
American Tel. & Tel. Co., Deb.	3⅜	1973	150,000
American Tel. & Tel. Co., Deb.	2¾	1982	175,000
American Tel. & Tel. Co., Deb.	3¼	1984	405,000
American Tel. & Tel. Co., Deb.	2⅝	1986	35,000
American Tel. & Tel. Co., Deb.	2⅞	1987	35,000
Appalachian Elec. Pr. Co., First Mtge.	3¼	1970	200,000
Appalachian Elec. Pr. Co., First Mtge.	2⅞	1980	125,000
Arizona Public Service Co., First Mtge. (Reg.)	3¼	1984	300,000
Arkansas Power & Light Co., First Mtge.	3½	1982	400,000
Arkansas Power & Light Co., First Mtge.	3¼	1984	200,000
Atlantic City Elec. Co., First Mtge.	2⅞	1979	250,000
Atlantic City Elec. Co., First Mtge.	2¾	1980	250,000
Bell Telephone Co. of Pennsylvania, Deb.	3	1974	600,000
Boston Edison Co., First Mtge., B	2¾	1980	600,000
Boston Edison Co., First Mtge., E	3	1984	400,000
Central Illinois Public Service Co., First Mtge., D.	3⅜	1982	300,000
Central Illinois Public Service Co., First Mtge., F.	3¼	1984	50,000
Central Power & Light Co., First Mtge., D.	3½	1982	300,000
Central Power & Light Co., First Mtge., F.	3⅛	1984	200,000
Cincinnati Gas & Elec. Co., First Mtge.	2¾	1975	150,000
Cincinnati Gas & Elec. Co., First Mtge.	2⅞	1978	385,000
Cleveland Elec. Illuminating Co., First Mtge.	3	1982	400,000
Cleveland Elec. Illuminating Co., First Mtge.	2¾	1985	200,000
Cleveland Elec. Illuminating Co., First Mtge.	3	1989	300,000
Columbus & Southern Ohio Elec. Co., First Mtge.	3⅝	1983	250,000
Commonwealth Edison Co., First Mtge. L.	3	1977	300,000
Commonwealth Edison Co., First Mtge. N.	3	1978	200,000
Commonwealth Edison Co., First Mtge. O.	3¼	1982	250,000

RAILROADS

	Rate	Maturity	Principal Amount
Atchison, Topeka & Santa Fe Ry. Co., Gen. Mtge.	4	1995	$500,000
Chicago, Burlington & Quincy R. R. Co., First & Ref. Mtge.	3⅛	1985	100,000
Chicago, Burlington & Quincy R. R. Co., First & Ref. Mtge.	3	1990	199,000
Chicago, Milwaukee, St. Paul & Pacific R. R. Co., Eq. Tr. "MM"	2½	1964-65	200,000
Chicago, Rock Island & Pacific R. R. Co., First Mtge. A.	2⅞	1980	500,000
Chicago Union Station Co., First Mtge. F.	3⅛	1963	50,000
Chicago & Western Indiana R. R. Co., First Coll. Tr. Mtge. A.	4⅜	1982	238,000
Cincinnati Union Terminal Co., First Mtge. G.	2¾	1974	79,000
Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., Gen. Mtge. A.	4	1993	200,000
Kansas City Southern Ry. Co., First Mtge. C.	3¼	1984	500,000
Kansas City Terminal Ry. Co., First Mtge.	2¾	1974	200,000
Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., First Ref. Mtge. B. (Reg.)	5½	1978	71,904
Missouri Pacific R. R. Co., Eq. Tr. "LL"	2½	1963	100,000
Missouri Pacific R. R. Co., Eq. Tr. "OO"	2⅜	1963	85,000
New York Central & Hudson River R. R. First Mtge.	3½	1997	10,000
New York Central & Hudson River R. R. First Mtge. (Reg.)	3½	1997	140,000
Northern Pacific Ry. Co., Prior Lien Mtge.	4	1997	200,000
Pennsylvania R. R. Co., Eq. Tr., Z.	2½	1963	200,000
St. Louis Southwestern Ry. Co., First Mtge.	4	1989	800,000
Seaboard Air Line R. R. Co., First Mtge. B.	3	1980	500,000
Southern Pacific Co., San Francisco Terminal First Mtge., A.	3⅜	1975	196,000
Terminal R. R. Association of St. Louis, Ref. & Imp. Mtge. D.	2⅞	1985	600,000
Terminal R. R. Association of St. Louis, Ref. & Imp. Mtge. C.	4	2019	75,000
Texas & Pacific Ry. Co., First Mtge.	5	2000	180,000
Union Pacific R. R. Co., Ref. Mtge. C.	2½	1991	600,000
			$6,523,904

INDUSTRIAL & MISCELLANEOUS

	Rate	Maturity	Principal Amount
Allied Chemical & Dye Corp., Deb.	3½	1978	$900,000
Aluminum Co. of America, Deb.	3	1979	750,000
American Investment Co. of Illinois, Notes	3⅞	1966	265,000
American Investment Co. of Illinois, Notes	3½	1974	200,000
Anheuser-Busch, Inc., Deb.	3⅜	1977	712,000
Associates Investment Co., Notes	3½	1967	500,000
Atlantic Refining Co., Deb.	3¼	1979	285,000
Brown Shoe Co., Inc., Deb.	3½	1971	135,000
Commercial Credit Co., Notes	3½	1965	750,000
Continental Baking Co., Deb.	3	1965	297,000
Continental Oil Co., Deb.	3	1984	495,000
Cortland Equipment Lessors, Inc., Deb. B.	4¼	1969	250,000
General Motors Acceptance Corp. Deb.	4	1958	250,000
General Motors Acceptance Corp. Deb.	3	1969	600,000
General Motors Acceptance Corp. Deb.	3⅝	1975	150,000
General Motors Corporation, Deb.	3¼	1979	750,000
Inland Steel Co., First Mtge. I.	3.20	1982	182,000
May Department Stores Co., Deb.	3¼	1978	500,000
Pacific Finance Corp. Deb.	3½	1965	500,000
Phillips Petroleum Co., Deb.	2¾	1964	250,000
R. J. Reynolds Tobacco Co., Deb.	3	1973	196,000
Socony Vacuum Oil Co., Deb.	2½	1976	300,000
Standard Oil Co. (New Jersey) Deb.	2¾	1974	600,000
Sterling Drug, Inc., Deb.	3¼	1980	500,000
U. S. Rubber Co., Deb.	2⅝	1967	250,000
			$10,567,000
Total Principal Amount			$86,250,904

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PUBLIC UTILITIES (Continued)

	Rate	Maturity	Principal Amount
Northern States Power Co., (Minn.) First Mtge.	2¾	1975	275,000
Northern States Power Co., (Minn.) First Mtge.	3	1978	225,000
Northern States Power Co., (Minn.) First Mtge.	2¾	1979	100,000
Northern States Power Co., (Minn.) First Mtge.	3¼	1982	200,000
Northwestern Bell Tel. Co., Deb.	2¾	1984	600,000
Ohio Edison Co., First Mtge.	2⅞	1980	400,000
Ohio Power Co., First Mtge.	3	1978	600,000
Ohio Power Co., First Mtge.	3⅛	1984	150,000
Oklahoma Gas & Elec. Co., First Mtge.	2¾	1975	200,000
Oklahoma Gas & Elec. Co., First Mtge.	2⅞	1980	300,000
Oklahoma Gas & Elec. Co., First Mtge.	3⅜	1982	150,000
Pacific Gas & Elec. Co., First & Ref. Mtge. J.	3	1970	100,000
Pacific Gas & Elec. Co., First & Ref. Mtge. T.	2⅞	1976	100,000
Pacific Gas & Elec. Co., First & Ref. Mtge. Q.	2⅞	1980	200,000
Pacific Gas & Elec. Co., First & Ref. Mtge. R.	3⅛	1982	100,000
Pacific Gas & Elec. Co., First & Ref. Mtge. S.	3	1983	100,000
Pacific Gas & Elec. Co., First & Ref. Mtge. X.	3⅛	1984	200,000
Pacific Gas & Elec. Co., First & Ref. Mtge. U.	3⅜	1985	100,000
Pacific Tel. & Tel. Co., Deb.	3¼	1978	100,000
Pacific Tel. & Tel. Co., Deb.	3⅛	1983	50,000
Pacific Tel. & Tel. Co., Deb.	2¾	1985	450,000
Pennsylvania Elec. Co., First Mtge.	3⅜	1972	62,000
Philadelphia Elec. Co., First & Ref. Mtge.	2⅞	1978	300,000
Philadelphia Elec. Co., First & Ref. Mtge.	2¾	1981	300,000
Potomac Elec. Power Co., First Mtge.	3¼	1977	120,000
Potomac Elec. Power Co., First Mtge.	3	1983	270,000
Potomac Elec. Power Co., First Mtge.	2¾	1985	210,000
Potomac Elec. Power Co., First Mtge.	3⅞	1988	300,000
Public Service Co. of Colorado, First Mtge.	3⅛	1984	500,000
Public Service Co. of Indiana, Inc., First Mtge. F.	3⅛	1975	140,000
Public Service Co. of Indiana, Inc., First Mtge. G.	3⅛	1977	260,000
Public Service Co. of Indiana, Inc., First Mtge. J.	3⅜	1982	200,000
Public Service Co. of Indiana, Inc., First Mtge. K.	3⅜	1984	250,000
Public Service Co. of Oklahoma, First Mtge. E.	3	1984	750,000
Public Service Elec. & Gas Co., First & Ref. Mtge.	3	1972	220,000
Public Service Elec. & Gas Co., First & Ref. Mtge.	2⅞	1979	280,000
Public Service Elec. & Gas Co., First & Ref. Mtge.	2¾	1980	100,000
Public Service Elec. & Gas Co., First & Ref. Mtge.	3¼	1984	300,000
St. Louis County Water Co., First Mtge. E. (Reg.)	3⅜	1985	500,000
San Diego Gas & Elec. Co., First Mtge. C.	3	1978	400,000
San Diego Gas & Elec. Co., First Mtge. E.	2⅞	1984	350,000
Southern Bell Tel. & Tel. Co., Deb.	3	1979	175,000
Southern Bell Tel. & Tel. Co., Deb.	2¾	1985	275,000
Southern Bell Tel. & Tel. Co., Deb.	2⅞	1987	250,000
Southern Bell Tel. & Tel. Co., Deb.	3⅛	1989	100,000
Southern California Edison Co., First & Ref. Mtge. A.	3⅛	1973	135,000
Southern California Edison Co., First & Ref. Mtge. B.	3	1973	200,000
Southern California Edison Co., First & Ref. Mtge. C.	2⅞	1976	265,000
Southern California Edison Co., First & Ref. Mtge. F.	3	1979	300,000
Southern California Gas Co., First Mtge.	3¼	1970	38,000
Southern Indiana Gas & Elec. Co., First Mtge.	3⅛	1984	250,000
Southwestern Bell Tel. Co., Deb.	3⅛	1983	250,000
Southwestern Bell Tel. Co., Deb.	2¾	1985	450,000
Texas Elec. Service Co., First Mtge.	2¾	1975	290,000
Texas Elec. Service Co., First Mtge.	2⅞	1979	250,000
Texas Elec. Service Co., First Mtge.	3¼	1985	260,000
Texas Power & Light Co., First Mtge.	2¾	1975	470,000
Texas Power & Light Co., First Mtge.	3	1977	55,000
Texas Power & Light Co., First Mtge.	3	1978	75,000
Union Elec. Co. of Missouri, First Mtge. & Coll. Tr.	3⅜	1971	350,000
Union Elec. Co. of Missouri, First Mtge. & Coll. Tr.	2⅞	1980	250,000
Union Elec. Co. of Missouri, First Mtge. & Coll. Tr.	3¼	1982	250,000
United Gas Corp., First Mtge. & Coll. Tr.	3⅜	1975	500,000
Utah Power & Light Co., First Mtge.	2⅞	1980	250,000
Virginia Elec. & Power Co., First & Ref. Mtge. E.	2¾	1975	300,000
Virginia Elec. & Power Co., First & Ref. Mtge. F.	3	1978	200,000
Virginia Elec. & Power Co., First & Ref. Mtge. H.	2¾	1980	100,000
Virginia Elec. & Power Co., First & Ref. Mtge. K.	3⅛	1984	250,000
Wisconsin Elec. Power Co., First Mtge.	2⅝	1976	100,000
Wisconsin Elec. Power Co., First Mtge.	2¾	1980	500,000
Wisconsin Elec. Power Co., First Mtge.	3⅛	1984	150,000
			$45,297,000

1955 marks the year

General American Life

Insurance Company's

insurance in force

went over the

$2 BILLION MARK

THE RECORD SHOWS

December 31, 1955	*% Increase Over 1954*	*In 10 years*		*% Increase Over 1945*
INSURANCE IN FORCE				
$2,057,421,014	*12.8%*	An increase of	$1,298,093,089	*171.0%*
TOTAL ASSETS				
224,214,775	*4.8%*	An increase of	77,048,158	*52.4%*
ANNUAL PREMIUM INCOME				
49,094,797	*13.8%*	An increase of	30,934,188	*170.3%*
NEW ORDINARY INSURANCE SALES				
86,409,400	*28.9%*	An increase of	65,377,100	*310.8%*
ANNUAL GROUP PREMIUMS				
33,984,297	*15.1%*	An increase of	25,704,002	*310.4%*
NEW GROUP LIFE SALES				
201,324,433	(–)*19.1%**	An increase of	188,422,987	1460.5%
NEW PERSONAL ACCIDENT AND SICKNESS PREMIUMS				
178,513	*35.6%*	An increase of	129,877	*267.0%*
DIVIDENDS AND EXPERIENCE RATING CREDIT PREMIUM REFUNDS TO POLICYHOLDERS				
6,981,788	*26.6%*	An increase of	5,635,137	*418.5%*
SURPLUS				
9,702,830	*11.6%*	An increase of	8,202,830	*546.9%*

**1954 was the first year of the congressionally authorized group life insurance program on federal employees in which the Company is privileged to participate. Exclusive of this program, group life sales amounted to $130,561,833 compared to $98,496,172 in* 1954 — 32.6% *increase.*

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~~94-1-11392-6~~

1955 ANNUAL REPORT OF THE PRESIDENT

The year 1955 will be recorded as the year General American Life's insurance in force went over the $2 billion mark. It was only six years ago that we reached the first billion.

From a sales standpoint, 1955 was our biggest year, bigger by 29% in Ordinary (individual) life sales than record breaking 1954. In an expanding economy, with an increasing population, life insurance, because it is the most popular form of thrift and the foundation of the financial security of the average American family, should properly grow in sales each year. The life insurance industry as a whole reflected this fact by registering a 20% increase in 1955 in Ordinary life sales.

There is a special significance in our Company's Ordinary life sales achievement. In 1955 our sales organization exceeded by a substantial margin the production or sales goal which we had set for it almost four years ago. At that time our Ordinary life sales were slightly less than $40,000,000 a year. We resolved then that each year up to and including 1955, we would increase our sales by $10,000,000 so that we would reach $80,000,000 in '55. The Ordinary life sales total actually achieved in 1955 amounted to $86,409,400 — a figure which is 226% of sales four years ago.

It was not vanity or pride that prompted us to try to increase our sales year by year. A steady but substantial rise in sales represented one of the two ways available to hold per unit costs of operation in line in order to achieve our basic Company objective. That objective is to provide sound life insurance protection to our policyholders at the lowest possible cost consistent with safety and with fairness to our field and home office associates. As a mutual legal reserve company owned entirely by its policyholders, this is and must always be the objective of your Company.

To realize the maximum economy from increased volume, there must not only be increased sales, but increased efficiency in the administrative handling of the business. The two ways of holding insurance costs down during a period when salaries and overhead expenses of all kinds in all businesses are going up are (a) increased sales and (b) increased efficiency. In addition to fixing goals for increased sales, goals were also set for increased home office efficiency. They too have been more than met. We are today administering an insurance business some 60% larger than it was four years ago with 11% fewer salaried employees than we had four years ago. In 1955 alone, our salaried staff was reduced from 660 to 615. This reduction was effected in an orderly way without dismissals through the normal process of turnover. It has enabled us to maintain salaries at equitable levels under current conditions, without adversely affecting the net cost of insurance to our policyholders. These results and the methods by which they were achieved are described in greater detail in later pages of this report.

As will be seen by reference to the "The Record Shows" in the front of this report, our Group insurance account also grew substantially in 1955. Premium income from Group insurance increased by over $4,000,000 from $30,000,000 to $34,000,000. Group life insurance, one of the 26 forms of Group coverage offered by the Company, accounted for sales of $201,324,433 as compared to $248,969,572 in 1954. Exclusive of the gigantic Group Life insurance program on employees of the federal government in which your Company is privileged to participate, 1955 Group life sales increased 32.6% over 1954's sales. The federal program was initiated in 1954 when we received $150,473,400 of Group life coverage as a result of it. In its second year, 1955, we received $70,762,600.

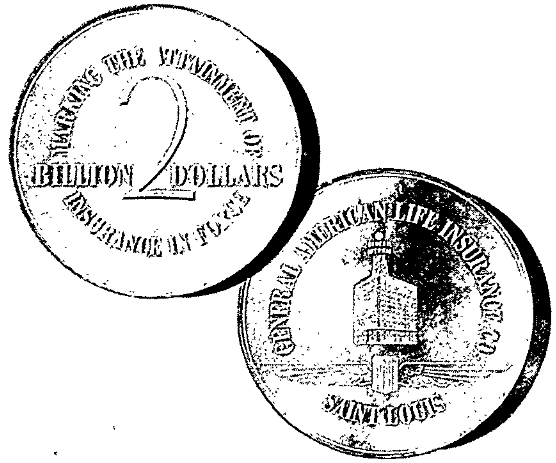
Personal Accident, Sickness and Hospitalization sales jumped sharply from $131,615 of annual premiums in 1954 to $178,513 in 1955, an increase of 35.6%. The sharpness of the rise was sparked by the introduction in the latter months of 1955 of a new form of low-cost coverage. This coverage is described in detail in later pages of this report.

Progress was also made investment-wise. Assets increased from $213,890,508 at the beginning of the year to $224,214,775 at the end of the year, an increase of $10,324,267. Most of this increase (about $8,000,000) was committed to new mortgage loans, principally on homes, at gross interest rates averaging 4.7%. About $2,000,000 was invested in long-term corporate obligations of high quality with an average yield of 3.3%. Over-all net investment yield was 3.41% after *a symbol of achievement*

1945	**1955 ANNUAL REPORT**

General American Life Insurance Company

SAINT LOUIS



a symbol of achievement

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income taxes but before provision for capital losses, as compared to 3.38% in 1954. Although the average investment yield for the industry as a whole is not yet available, we believe that our experience will compare most favorably with it. Our satisfaction in this result is predicated on the outstanding quality of our investment portfolio.

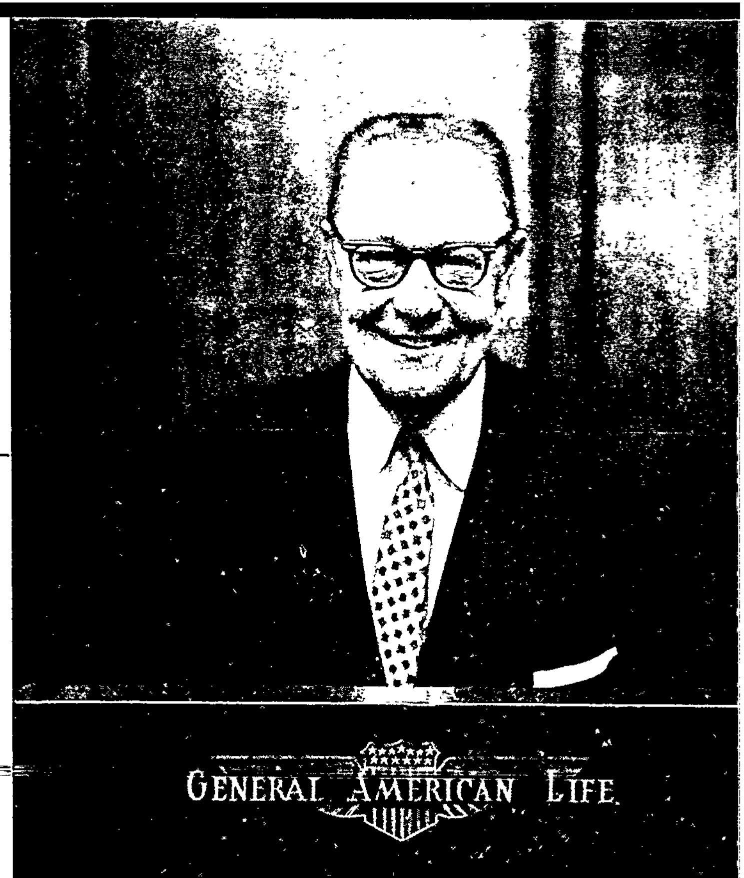
The bond account consisting of $87,023,037 has an average Moody rating of Aa. In the mortgage loan account totaling $111,336,731 there are almost 14,000 individual loans well-diversified as to territory. At the year-end, only one of these 14,000 loans was in default for more than 90 days as to principal or interest. It was a loan of $9,213.55 guaranteed by the Federal Housing Administration. In the last 20 years, General American Life has found it necessary to foreclose on only 5 conventional loans which it made. The properties securing these loans were subsequently sold for more than our investment in them.

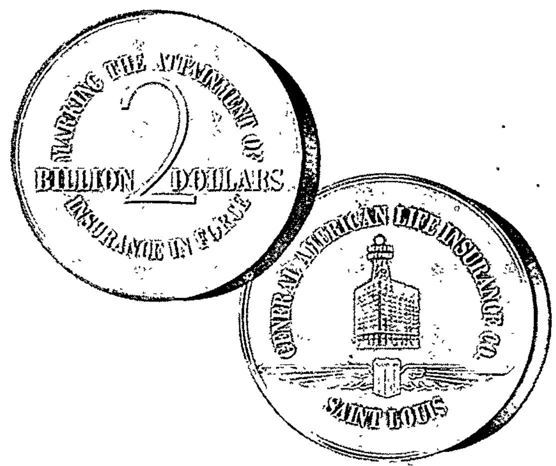
How does all this affect you, the policyholder? It affects you directly in terms of the cost of your insurance. As a result of the matters to which I have referred — increased sales, increased efficiency, increased investment returns, plus a favorable mortality experience, increased dividends to Ordinary policyholders were declared, effective July 1, 1955— and concomitantly premium rates on new policies were reduced in connection with our Ordinary line. Likewise, rate reductions were made effective in connection with Group life insurance. This is the ultimate end in view with respect to all of our operations. It portrays more eloquently than words the degree to which the Company is realizing its basic objective of serving you by providing your insurance at the lowest possible cost.

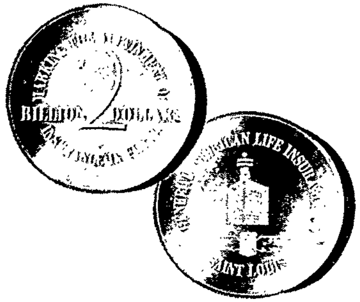
To you, the policyholders, who by your patronage help sustain our mutual effort, to our able and wise Board of Directors, to our loyal and dedicated field and home office organizations, I express my deep appreciation for the fine results of the past year.

Powell B. McHaney

PRESIDENT







PROTECTION

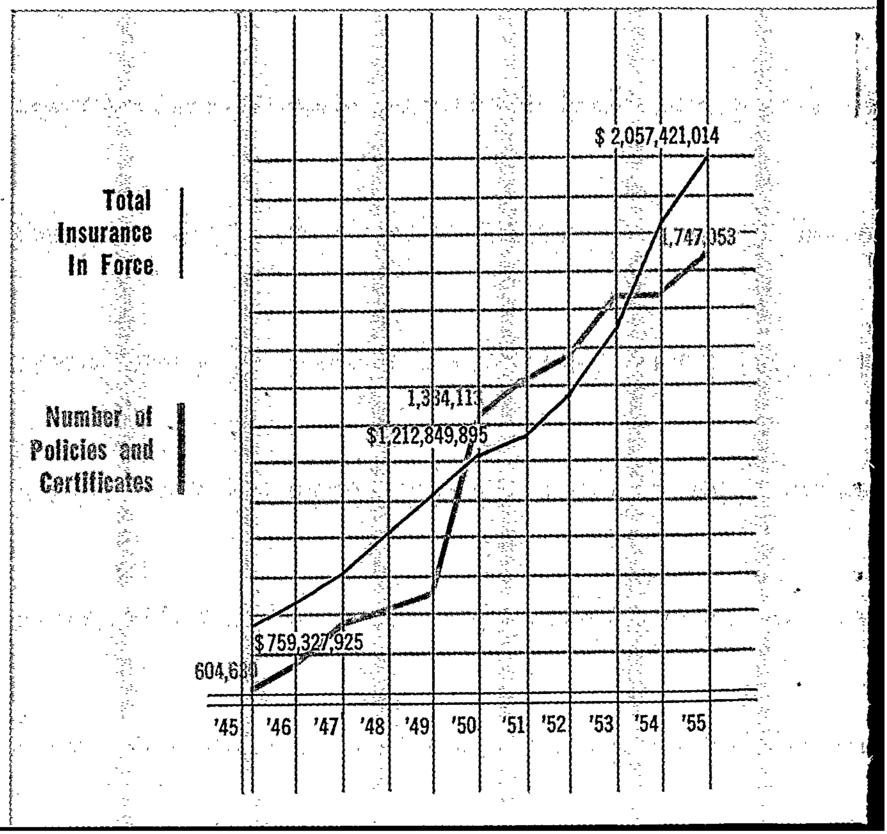
THROUGH MULTIPLE LINES OF INSURANCE

The attainment of $2 billion of insurance in force is a gratifying indication that the product of the Company—financial protection against the hazards of life through the medium of the insurance principle—is meeting with a ready acceptance on the part of the public.

As of December 31, 1955 the Company's total life insurance in force amounted to $2,057,421,014, an increase of $233,293,064 or 12.8% over the comparable figure at the end of 1954. Only six years were required to bring the Company from the $1 billion mark to the $2 billion mark. Within the period of the last ten years over $1,275,000,000 of life insurance protection has been added.

Premium income from all lines of protection offered by the Company recorded an increase of over $6 million in 1955 to reach the figure of $49,386,850.91 as compared to $43,338,684.58 in 1954 and $17,198,955.85 ten years ago in 1945.

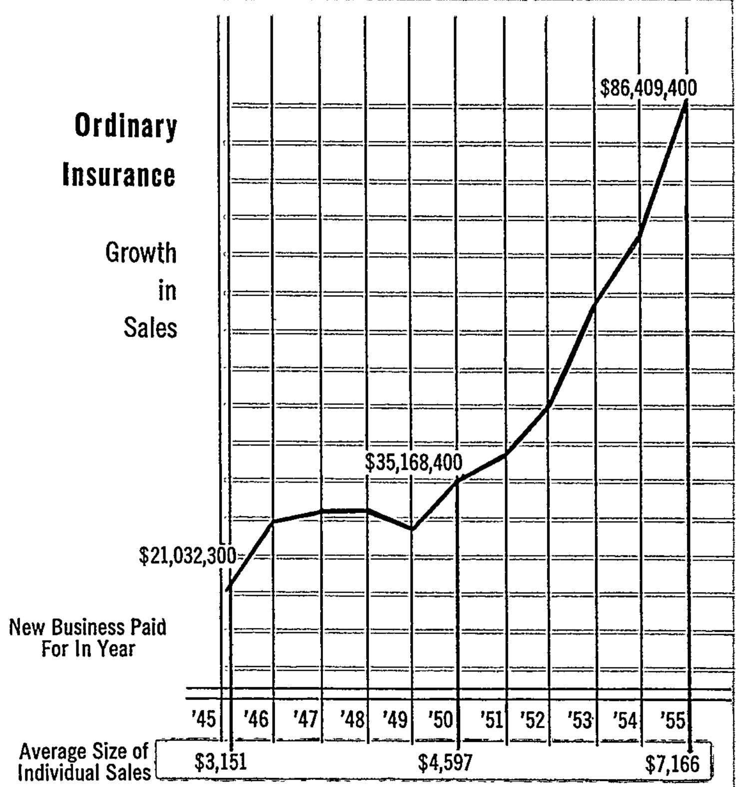
During the past decade the number of policies and certificates outstanding almost tripled from 604,630 policies and certificates of all kinds outstanding in 1945 to 1,747,053 as of December 31, 1955. This represents an increase of 103,837 over 1954.



PROTECTION THROUGH INDIVIDUAL LIFE INSURANCE

Ordinary Insurance

Growth in Sales



The most widely used form of life insurance is individual or "Ordinary" insurance. It represents approximately 60% of the total volume in force in America and includes straight life, limited payment life, endowment, term insurance and combinations of these forms.

The purchase of this form of insurance from General American Life has increased substantially. In 1955 Ordinary life sales totaled $86,409,400, more than four times the volume of sales ten years ago and 28.9% in excess of 1954 Ordinary sales. This result represents the culmination of a calculated program entered into four years ago whereby specific sales goals were set for each of the years from 1952 through 1955. To achieve these goals the Company embarked upon an aggressive recruiting and training program for its field representatives, designed and introduced special policies to fit specific needs of the insuring public, and expanded its merchandising and sales promotion activities.

1955 witnessed the Company's entrance into the field of national magazine advertising. The initial program was directed primarily to the millions who read outstanding news and business publications.

Thus, the program of sales expansion was built on the simple theme of improving the product, merchandising it so that a larger number of people became aware of it, and providing a trained, qualified sales organization to service the needs of the people of the 37 states and territories within which the Company operates.

That the expansion in sales of Ordinary life insurance has been predicated on a sound and solid base representing genuine service to the insuring public is testified to by the quality of business recorded on the Company's books.

Each year during the past ten years, the average size policy sold (juvenile and adult combined) has increased. In 1945 the average size policy was $3,150; in 1955 the average size policy was $7,166, a substantial increase over 1954's figure of $6,664.

Another well-accepted measure in evaluating the quality of life insurance on the books lies in its rate of persistency; that is, the rate at which the business renews from year to year. In this connection too General American Life enjoyed a satisfactory experience in 1955. The voluntary termination rate last year was 2.6% as compared to 2.5% in 1954. This is especially significant in a period of rapidly expanding sales.

HOW OUR PRODUCT IS BEING USED

While there are but four basic types of individual life insurance protection—whole life, limited pay life, endowment, and term insurance—there are many variations and combinations of these four basic types, each conceived for the purpose of answering some specific need for financial protection that has become apparent. General American Life has a wide variety of coverages in its line of individual life insurance and each of these coverages performs a distinct function.

To illustrate how the insuring public may utilize these different forms of protection to answer specific needs, four specific examples have been selected from among 14,600 Ordinary policies issued in 1955.

Mortgage Redemption

1

Mrs. Marion D. Tom and her five children. Suddenly widowed as a result of a heart attack. Mrs. Tom wrote us:

> *"I wish to take this opportunity to thank you for your check of $8,883.00. This will guarantee that I will now have a home for my four children and myself, and also for the new baby that is expected about July. You can't imagine what a relief it is to know that there is no longer any worry about losing our home and that no more payments are necessary.*
>
> *"When my husband told me last June that he was purchasing a mortgage policy, I felt it might be a drain on us financially, but he realized it was an obligation to his family. It is hard to realize that this has happened as he was in perfect health at that time."*

Economaster

2

Popular low-cost preferred risk contract used here as important part of comprehensive business insurance program insuring the continuity and stability of Miller Building Supply Co., Inc., one of the leading firms in the Washington, D. C.-Virginia area specializing in the planning of modern kitchens. Left to Right—Warren Miller, Vice President, Manuel Miller, President, and Sam Kalb, Secretary-Treasurer.

Masterplan for Children

3

Four proud owners of Masterplan are the children of Mr. and Mrs. Franklin T. Binder of Des Moines. Mr. Binder was impressed with the values Masterplan affords for children as an investment, and as life insurance that adjusts to life's changing needs and opportunities through numerous options. Letters explaining the purposes and uses of the gifts accompanied the policies for later reference. Mr. Binder, a successful businessman, feels the ownership of these Masterplan policies gives his children a greater sense of responsibility, and contributes to a closer family circle.

Masterplan for Adults

4

Typical of many young married businessmen who use our special Masterplan as the foundation of their financial planning is young Ed Porter, clothing salesman of St. Louis, Missouri. Just a few months after his wedding Mr. Porter, recognizing the financial responsibilities that marriage entails, purchased a $5,000 Masterplan policy in preference to other policies for two reasons: (1) its features as a savings and investment plan coupled with its insurance protection, and (2) its built-in adaptability to any of the forms of insurance that his life's changing situation in the future might require.

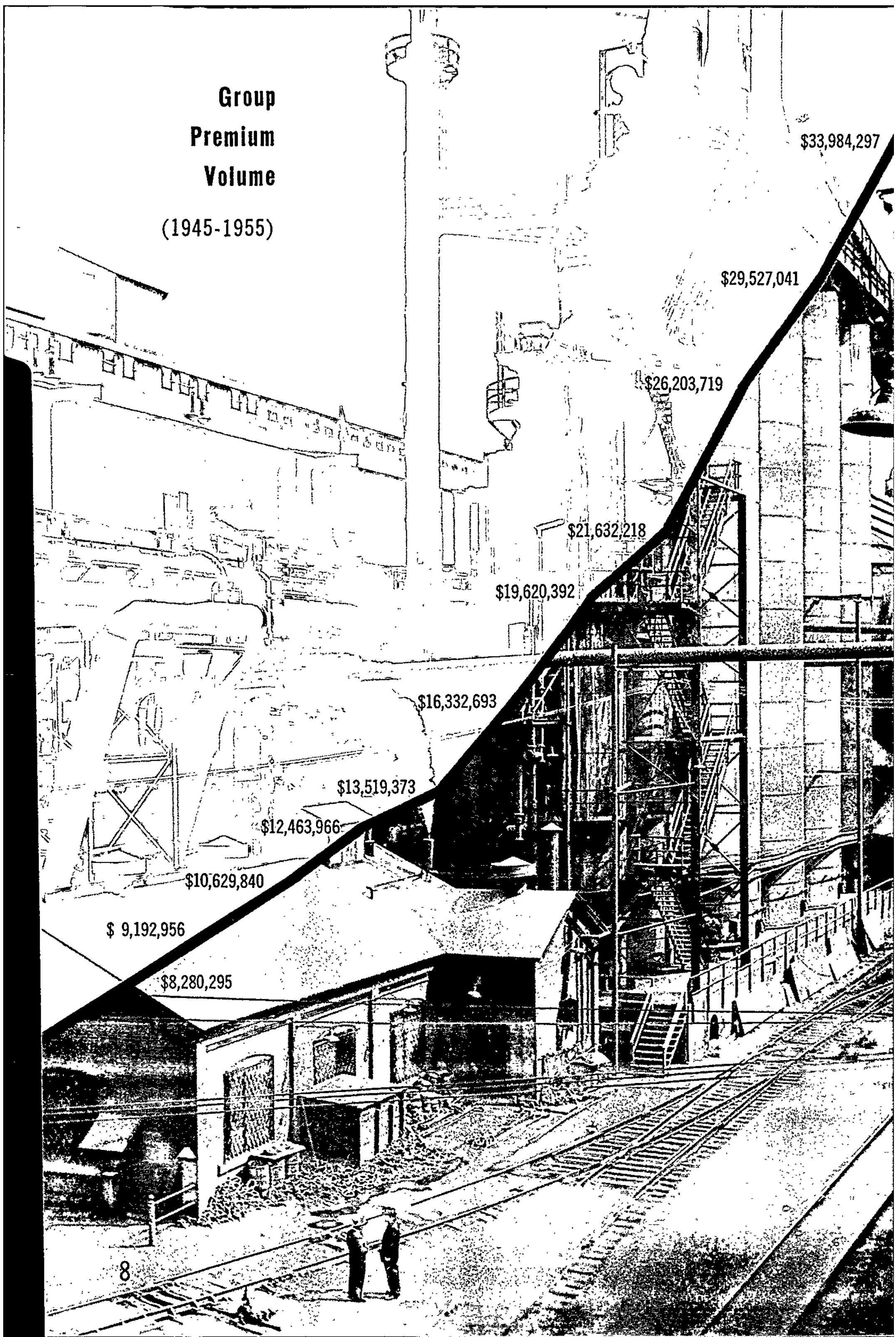
1


KITCHEN CENTER
Hotpoint
REFRIGERATORS
BEAUTYCRAFT
Westinghouse
LIFETIME PLASTIC CABINETS
ELECTROGLASS RADIANT HEATING
KITCHEN
BUILDERS KITCHEN SUPPLIES

2

3

4


Group
Premium
Volume
(1945-1955)
$33,984,297
$29,527,041
$26,203,719
$21,632,218
$19,620,392
$16,332,693
$13,519,373
$12,463,966
$10,629,840
$ 9,192,956
$8,280,295

Brown Shoe Company
Tension Envelope Corporation
MFA
Missouri Farmers Association, Inc.
Bank Building and Equipment Corporation of America
Big Ten Alabama Mills, Inc.
Red Ring Missouri Portland Cement Company
Alpha 1st
Cook Paint & Varnish Company
Standardized Building Products Huttig
El Paso National Bank
St. Louis Car Company St. Louis, Mo.
Hayes Freight Lines Inc.
Moloney Electric
Anheuser-Busch, Inc.
Briggs
Famous-Barr Co.
Commerce Trust Company
Harding-Williams
Arkansas Power & Light Company
W. F. Hall Printing Company
Universal Match Corporation

Group insurance may be generally described as an inexpensive form of insurance made available by employers and labor organizations to employees who either share the cost or pay the entire cost. It is naturally cheaper than individual coverage of the same type because it is administered on a bulk basis.

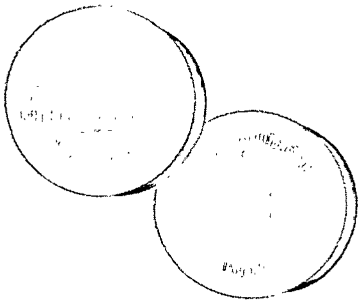
General American Life, long a pioneer in this form of coverage, has a very large Group insurance account. The premium income of the Company from all forms of Group insurance amounted to $33,984,297 in 1955, an increase of $4,457,256 over 1954 and more than four times the figure of ten years ago.

One of the 26 different types of Group insurance offered is Group life insurance. Group life sales in 1955 amounted to $201,324,433. Included in this figure is $70,762,600 representing our 1955 participation in the Group insurance program on United States Government employees authorized under a special Act of Congress which is, of course, the largest single group ever insured. In 1954, when the program was initiated, this participation accounted for $150,000,000 of coverage. Excluding this unusual factor, Group life insurance sales in 1955 exceeded 1954 by $32,000,000. At year-end, Group life insurance in force totalled $1,477,790,914.

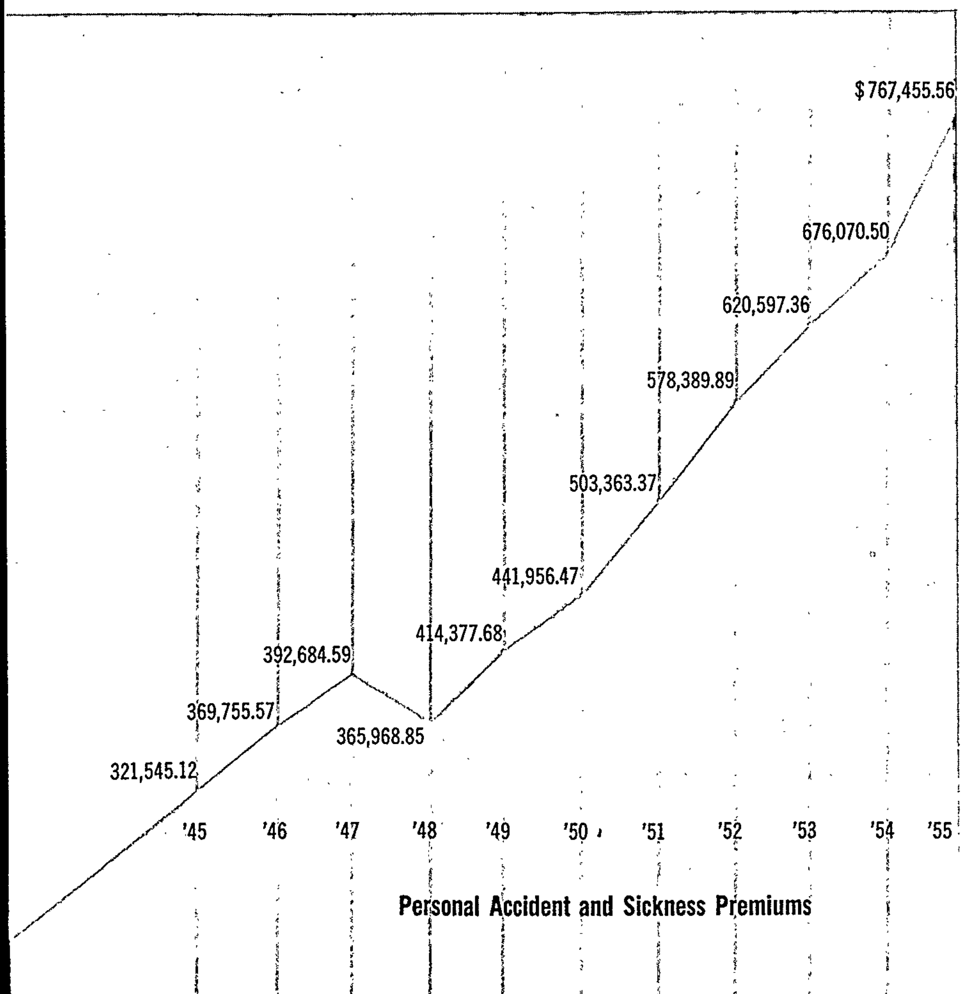
In 1955 the Company was able to introduce new reduced premium rates for Group life insurance on cases involving 25 or more insured lives. These new rates will be extended to all existing cases, underwriting factors permitting. At the same time, other liberalizations involving increased and broader coverages were made effective that make our Group life portfolio one of the most competitive and attractive lines offered by any substantial Group writing company.

The Group account of the Company consists of more than 3,400 master Group contracts in force throughout the United States, with companies representing just about every kind of business enterprise, with Health and Welfare Funds, with Employer Associations, and with Labor Unions. A cross-section of our Group insureds is reflected in the names, trademarks and emblems on these pages.

Hydraulic Action Control
Laclede
Illinois Automotive Trade Association
Butchers, Sausage Makers and Packing House Workers Local Number 545 Welfare Fund
GCC
Alligator
Bank of St. Louis
USS
Temco Aircraft Corporation
City Products Corporation
Hanover Greatest Shoe Value on Earth
Campbell-Ewald Company
American Investment Company
Scullin Steel Co.
Local 250 Journeymen and Apprentices Plumbing and Pipe Fitting Industry
Pittsburgh Steel Company
Stupp Bros. Bridge & Iron Company
Illinois Lumber and Material Dealers Assn.
Cleveland Federation of Musicians Local 4 American Federation of Musicians Cleveland, Ohio
Anthony's C. R. Anthony Co.
Work Clothing
Broderick & Bascom Yellow Strand
Olin
Boyd's
The First National Bank in St. Louis
Houston Tables Company
MSA Safety Equipment Headquarters
FPEA
Angelica Uniforms
Southern Sash & Door Jobbers Association
Owned & Operated by H.E. Butt Grocery Co. a Texas Institution
The Boatmen's National Bank
Kelsey Hayes
McDonnell Aircraft Corporation
Warren Petroleum Corporation
Cleaning Plant Employees' Welfare Fund
St. Louis · Indianapolis · Peoria · Granite City



PROTECTION THROUGH PERSONAL ACCIDENT AND SICKNESS AND HOSPITALIZATION INSURANCE



Personal Accident and Sickness Premiums

Voluntary health insurance is a subject to which we see frequent reference in the newspapers. From time to time bills are introduced in Congress and before the legislatures of the various states seeking to subsidize or in some other way add governmental impetus to broaden coverages for the American people against the high cost of accident and illness, and disability resulting from them. This reflects the increasing awareness of the public of the need for provision against rising medical care costs. Most important, however, this awareness is reflected by the remarkable growth of health insurance voluntarily purchased by our citizenry. Over 100 million Americans are now protected by some form of voluntary health insurance.

General American Life has been privileged to be one of those which has long offered voluntary health insurance protection to our people. Beginning in a modest way, the Personal Accident and Sickness Department has grown steadily year by year. In 1955 paid premiums totaled $767,455.56, representing a 13.5% increase over the $676,070.50 premiums paid in 1954. Of the total premiums paid in 1955, $178,513.24 represented new sales — a 35.6% increase over the sales of 1954.

This remarkable increase was in no small measure due to the introduction in the latter months of 1955 of a new form of coverage which we call "Business and Professional Men's Income Protector" specifically designed to meet a need that has become increasingly apparent. This new "B & P" policy offers basic disability income protection to sound risks from the broad fields of business and the professions. It appeals to men who recognize that the continuance of their relatively comfortable income depends upon their own efforts and that they are therefore exposed to the real possibility of the termination of their income if they become disabled for long periods of time. Waiting periods before the commencement of disability benefits which eliminate the costly handling of claims for short illnesses that the normal family budget can absorb, help make possible low premiums. It was apparent that for those men a definite need existed for the provision of necessarily high benefits at low cost. The only other form of protection available to them that would accomplish the same purpose was relatively high cost non-cancellable or guaranteed renewable insurance. The "B & P" policy is seemingly a most acceptable answer to this need. In the four months that it was outstanding in 1955 it accounted for 32.4% of the applications received by us for all forms of Personal Accident, Sickness or Hospitalization insurance.

In 1955 the Company continued to extend the mutual principle to its Personal Accident, Sickness and Hospitalization insurance by paying a 5% annual dividend on all polices over three years old.

B & P INCOME PROTECTOR

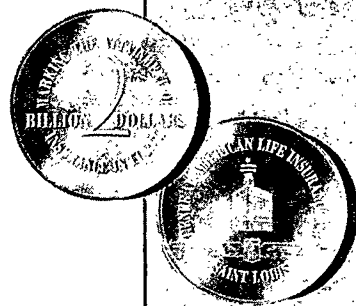
An accountant in Van Nuys, California, James Raymond Patrick, was typical of many who found the new Business & Professional Men's Income Protector attractive. He is employed by a large progressive corporation which provides him with a reduced income for a period of six months if he becomes disabled. Mr. Patrick was concerned about the effect of illness or disability that might continue for longer than six months. B & P seemed to him to be the low-cost answer. Now he has the assurance of an income of about half his salary that would begin after 90 days of disability and continue for life if he was unable to work because of an accident, or for five years if his disability was the result of sickness. For the peace of mind and security this gives Mr. Patrick, his wife and two children, Mr. Patrick pays $5.77 per month.

HOSPITALIZATION

When William A. Rhodes, a carpenter contractor, and his wife, Dorothy, decided two years ago that they ought to have hospitalization insurance so their normal family budget wouldn't be completely disrupted if either of them had to be hospitalized, they had no idea that illness would strike their household with such rapidity.

Just two months later Mrs. Rhodes came down with a serious case of pleurisy. Three months later Mr. Rhodes was faced with a necessary nasal operation. In January, 1955, pleurisy again attacked Mrs. Rhodes. In October her husband contracted virus pneumonia. Meanwhile, a son had been born, Floyd Albert Rhodes, and when he was three months old he was added to the family hospital plan. Just a few weeks later, the infant was hospitalized with pneumonia. Total benefits paid for hospitalization and surgical procedures for the entire family—$697.95. Had it not been for his insurance with General American Life, his family's medical bills would have presented a very serious problem for Mr. Rhodes. Instead, by the budgeting of an annual premium of $118.20 for the protection of his entire family, he was able to absorb the financial blows caused by repeated unexpected illness.

AN ACTIVE FORCE IN THE LIVES OF PEOPLE THROUGH BENEFIT PAYMENTS



Benefit payments of all kinds to policyholders and to beneficiaries amounted to $40,570,690.94 in 1955, compared to $34,711,697.51 in 1954. This is an increase of $5,858,993.43 over the amount paid out in 1954 and is almost three times the amount paid out ten years ago.

This substantial increase in policy benefit payments is another valid measurement of substantial progress and growth during the past decade, for the payment of benefits is the very purpose which our product—protection—is intended to serve. The larger the amount paid out, the greater is the service being rendered to our policyholders, assuming that the Company pursues sound practices in the selection of its risks. Last year in addition to creating necessary insurance reserves General American Life paid out 66.9% of its total income in various forms of policy benefits.

The "selection of risks" is called underwriting and the measure of the soundness of underwriting practices lies in the mortality experience of policyholders over an extended period of years. General American Life enjoyed in 1955, as it has through the years, a favorable mortality rate, somewhat but not significantly higher than the extremely low rate experienced in 1954.

As a matter of fact, death benefits, i.e., payments made to beneficiaries of deceased policyholders represent substantially less than half of all the policy benefits made in 1955, amounting to $14,937,982.91 or 37% of the total.

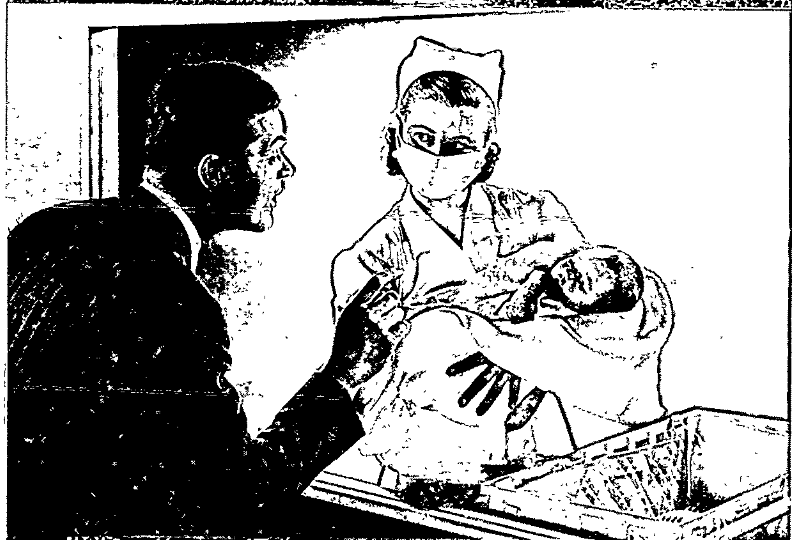
Payments to living policyholders, who thus directly and personally enjoy the fruits of their own prudence amounted to $25,632,708.03, or 63% of the total. Largest single category among the "living" payments was $15,234,086.85 paid to policyholders as accident, sickness, and hospitalization benefits either in the form of cash or as waiver of premiums.

The second largest category of "living" payments in 1955 was made up of dividends or refunds to policyholders amounting to $6,981,787.57, an increase of $1,468,000 over 1954 and a figure which is five times what it was ten years ago. Dividends on all lines of the Company's insurance increased in 1955, although by reason of the tremendous size of our Group insurance account, by far the greater portion of these payments represented dividends and experience rating refunds on Group insurance.

Endowments and annuities totaling $1,241,112.41 went to living policyholders, providing substantial sums for retirement, business opportunity, children's education, or the purchase of a new home. Here is Burton G. Daw, of St. Louis County, Missouri, a businessman, who in 1955 began receiving from the Company a very substantial monthly payment which he can not outlive.

The true test of insurance is at the benefit level where the dollar and cents value can be measured in human welfare. Most of the $14,937,982.91 paid to beneficiaries went to widows and surviving children, helping to cement the family together despite adversity. Business organizations too were helped as beneficiaries.

Funds for medical bills or for income during disability was provided in the $15,234,086.85 paid in cash or waiver of premiums to living policyholders. Included are payments to doctors, surgeons, nurses, X-ray specialists, anaesthetists, druggists, for hospital rooms and services, ambulances, emergency treatment.



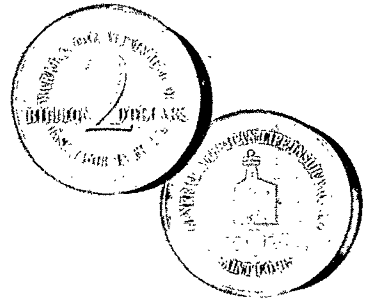
Some policyholders found that their policies had served the purpose for which originally purchased. Others withdrew accumulated values for emergencies or family needs like college tuition. Total paid out to these policyholders last year was $2,175,721.20.

CAUSES OF DEATH

On Ordinary Life Policies Of General American Life

	1955	1945
HEART AND CIRCULATORY . . .	64.2%	54.4%
CANCER	18.4%	11.7%
ACCIDENTS	3.5%	11.1%*
PNEUMONIA AND INFLUENZA	2.2%	4.8%
SUICIDE	2.0%	1.3%
DIABETES	1.5%	0.4%
NEPHRITIS	1.2%	2.7%
TUBERCULOSIS . . .	0.8%	1.4%
OTHER	6.2%	12.2%
	100.0%	100.0%

**Includes injuries resulting from operations of war.*



NEW LOWER RATES . . .

General American Life Insurance Company is dedicated to the principle of providing insurance benefits to its policyholders at the lowest possible cost by maintaining premium rates at the lowest possible level consistent with safety and by returning to policyholders as dividends any savings as such refunds are warranted.

In keeping with the principle, the Company during 1955 made significant changes in its premium rates for Ordinary life insurance and in its scale of policyholders' dividends.

Premiums for Ordinary life insurance are based on assumptions as to (1) the rate of interest that can be earned in the future on investments of the Company, (2) the future death rate among policyholders, and (3) the expense of doing business, including taxes.

The premium rates in use by this Company prior to the 1955 change were adopted in 1947. It subsequently developed that that was the year, after a long series of years of declining interest rates, in which interest rates earned by life insurance companies reached the lowest point that it has yet reached. The premium rates adopted in that year contained conservative margins for a possible still further decline in the interest rate. For a number of reasons life insurance companies have for several years since 1947 been able to earn slightly higher interest rates than those obtainable at the low point in 1947. This was true for General American Life Insurance Company as well, due principally to its ability to maintain a higher percentage of its invested funds in choice mortgage loans than had been anticipated. This, of course, was in turn due to the phenomenal building boom of the last few years which can not continue indefinitely.

While the gross rate of interest before provision for taxes and for future interest and capital losses earned by the General American Life Insurance Company in 1955 was higher than in 1954, due to substantial increases in federal income tax liability the net rate of interest earned after taxes but before provision for capital losses was very little more in 1955 than in 1954, being 3.41% for 1955 as against 3.38% in 1954.

The expenses of doing business, represented principally by salaries paid to employees, continued their upward climb in 1955. Nevertheless, continued improvement in efficiency of operation and continued mechanization of large scale procedures together with the fact that the average size policy being sold today is more than double the average size policy of 10 years ago have largely offset the increase in expense rates.

Death claim costs among General American Life policyholders continue at a favorable rate even though at a slightly higher rate for 1955 than in 1954. The improvement in mortality rates for younger ages which has occurred in the past 10 years continues to be maintained. No serious deterioration in mortality rates for older ages has occurred during 1955 even though your Company experienced an even higher percentage of death claims in 1955 from cancer and heart disease than in 1954, i.e., 82.6% of all deaths in 1955 as against 80.2% in 1954.

Primarily because there are now no indications that interest rates might drop below the low point reached in 1947, the Company decided to reduce the margins contained in its 1947 premium rates as a hedge against further decline in interest rates and therefore announced a substantial reduction in premium rates as of July 1, 1955.

For similar reasons the Company decided to restore some of the reduction in interest allowances which was made in our 1951 dividend scale although not quite up to the interest allowance contained in our 1948 dividend scale. This change resulted in larger dividends to policyholders, the increase in the aggregate 1955 scale being about 16% over what it would have been had we maintained our 1954 scale. In this way our increased savings were returned to policyholders resulting in reduced life insurance costs.

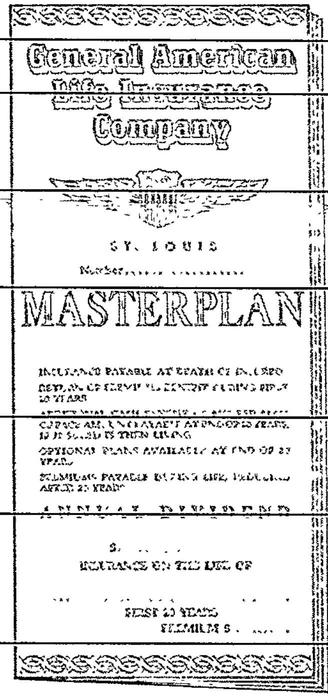
The effect of these reductions in premiums and liberalizations in dividends is shown in the accompanying illustration as applied to Masterplan, one of our most popular policies.

NEW HIGHER DIVIDENDS

EXAMPLE

Masterplan

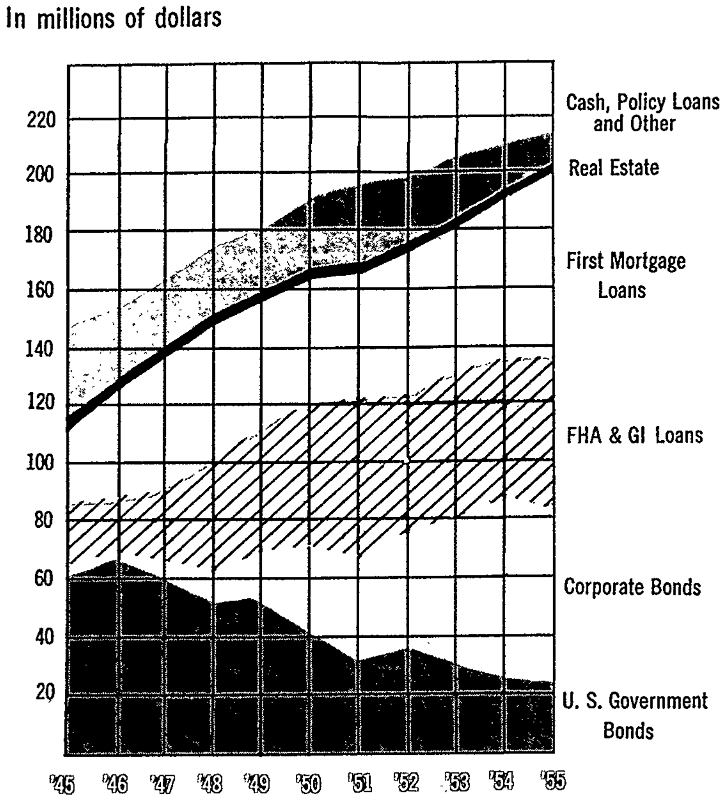
$10,000—Age 35



	BEFORE	AFTER	% INCREASE OR DECREASE
Annual Premium During First 20 Years	$ 353.90	$ 340.20	− 3.9
Annual Premiums After Receiving $2,000* Cash Endowment at End of 20th Year	272.70	261.10	− 4.3
Accumulated Dividends at Age 65, if all† Dividends are Left on Deposit	3,342.10	3,580.70	+ 7.1
Total Cash Fund Available at Age 65,† including Accumulated Dividends, if Premiums are then discontinued	8,810.10	9,048.70	+ 2.7
Total Premium Deposits to Age 65 (Less $2,000 Cash Endowment Paid at End of 20th Year)	7,805.00	7,415.00	− 5.0
Excess of Cash Fund Available at Age 65 over Premium Deposits, in Addition to having had $10,000 Insurance Protection to Age 65	1,005.10	1,633.70	+62.5

* *In lieu of taking the $2,000 endowment at the end of the 20th year, this policy may be continued after the 20th year as an Endowment, Limited Pay Life, Low Rate Ordinary Life, or Retirement Income Insurance, whichever then best suits the needs of the policyholder.*

† *Dividend illustrations are based on dividend scales and interest accumulation rates in effect immediately before and after July 1, 1955 and assume that they will continue without change, but such dividends and interest accumulation rates and their continuance cannot be guaranteed.*



ASSET DISTRIBUTION

INVEST

Total assets of the Company rose to $224,214,775 as of December 31, 1955, as compared to $213,890,508 as of December 31, 1954, an increase of $10,324,267. Ten years ago as of December 31, 1945, total assets amounted to $147,166,616.

The year 1955 saw no major change in our traditionally conservative investment policy of committing funds to those forms of investment which return a satisfactory yield with due regard to the utmost safety of principal. For years General American Life has concentrated its investments in three broad categories — U. S. Government bonds, corporate securities, and choice first mortgage loans on improved real estate. This pattern of investment is graphically indicated in the asset distribution chart covering the past ten years appearing on this page.

Approximately 80% of the asset growth of the Company during 1955 was committed to first mortgage loans because of their availability and the relatively attractive yield obtainable on them in comparison to other forms of long term investments. The remaining 20% of the asset growth was committed to long term corporate bonds during the latter part of the year when interest rates increased slightly over the low rates prevailing earlier in the year.

The net average yield on invested assets during 1955 was 3.69% before provision for future interest and capital losses and income taxes. Income taxes reduce this yield to 3.41%. In 1954 the comparable yields were 3.61% before income taxes and 3.38% after taxes. Recent years have witnessed a substantial increase in income taxes of life insurance companies.

Cash in banks at the close of the year amounted to $4,153,271.80, or 1.8% of total assets. Experience over the years has indicated that this amount is sufficient for current operating purposes, including the payment of normal claims, taxes and the like.

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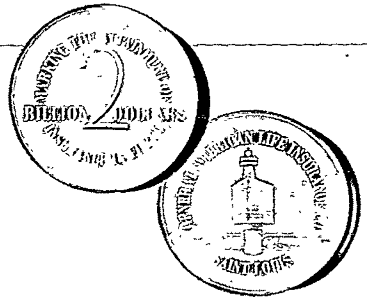
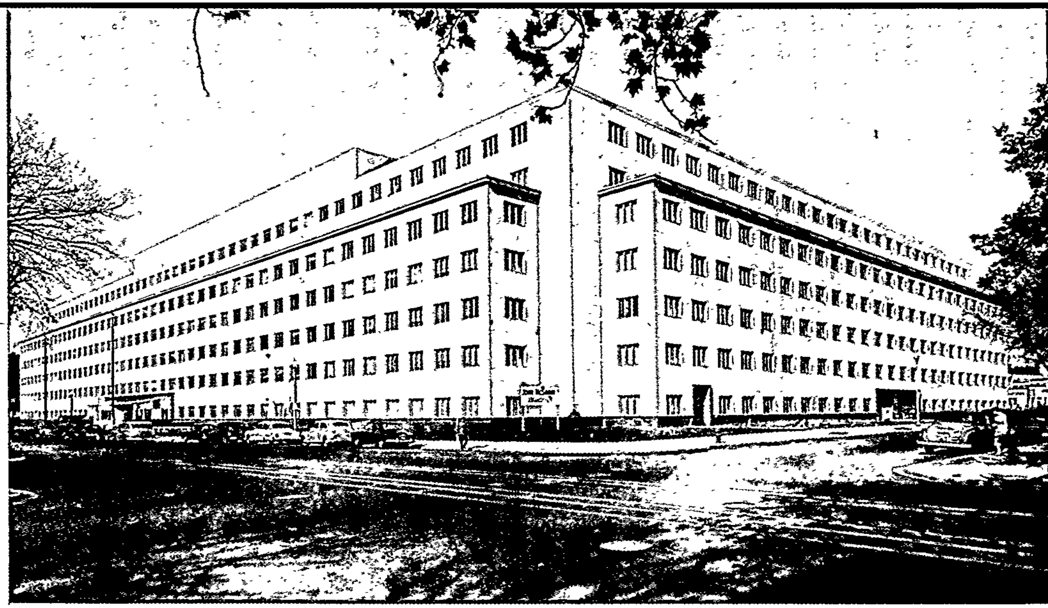
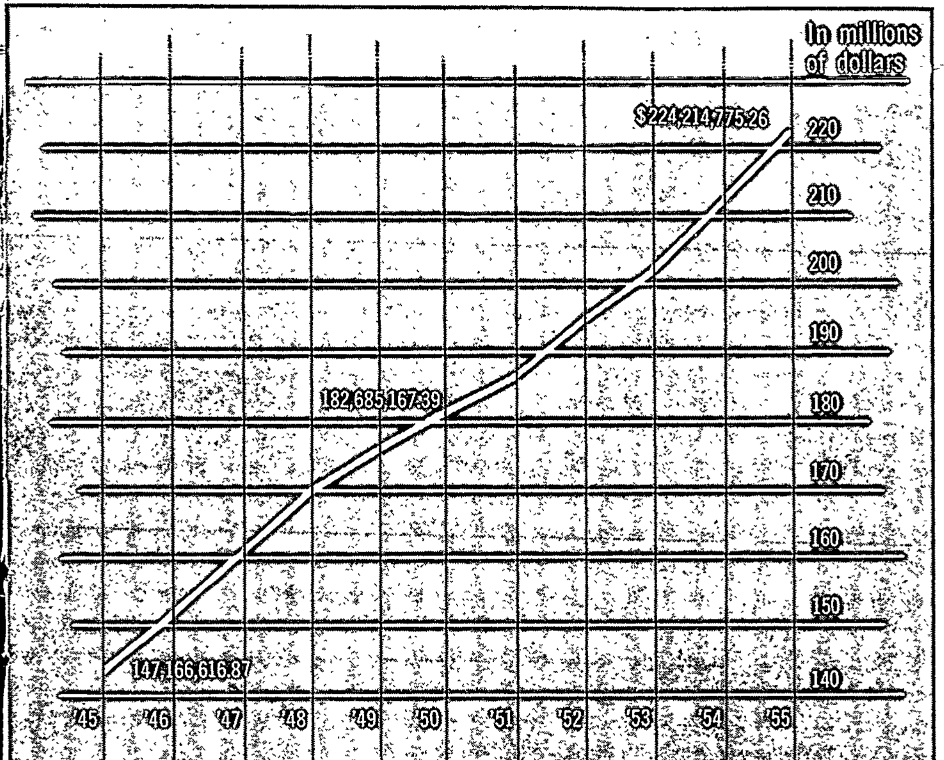




United States Government General Accounting Office occupies an entire block between G and H Streets and 4th and 5th Streets in Washington, D. C. Built in 1949 at a cost of $21,635,500, this important six-story building could be paid for by the investment General American Life maintains in U. S. Government Bonds.

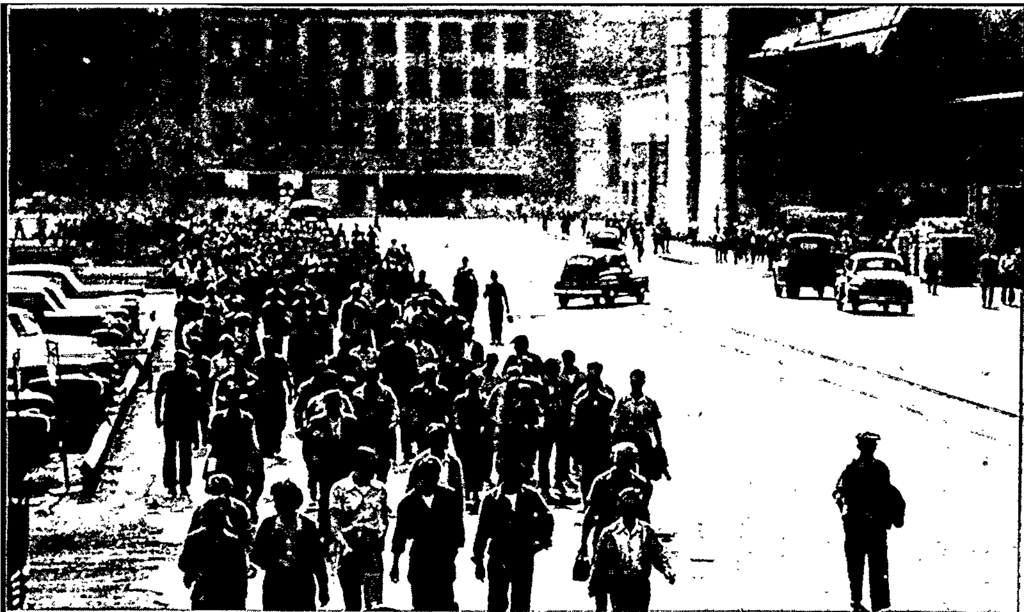


GROWTH IN ASSETS

U. S. GOVERNMENT BONDS

Included in the investment portfolio at the year end were $23,915,518.14 of obligations of the United States Government representing 10.7% of total assets. This represents a decline of approximately $600,000 from the total amount of governments held at the end of 1954 accounted for by the maturing of short term bills and Series G Savings Bonds. This provides a secondary cash reserve against any foreseeable contingencies arising from unexpectedly large policyholder claims, and affords the desired liquidity and flexibility to take advantage of attractive investment opportunities that may present themselves.

It is somewhat difficult to comprehend the magnitude of figures referred to in terms of millions. To illustrate the significance of the size of our government holdings, it is interesting to observe that the government bond account of General American Life would pay the entire construction cost of the U. S. Government General Accounting Office in Washington, D. C. pictured here.



CORPORATE BONDS

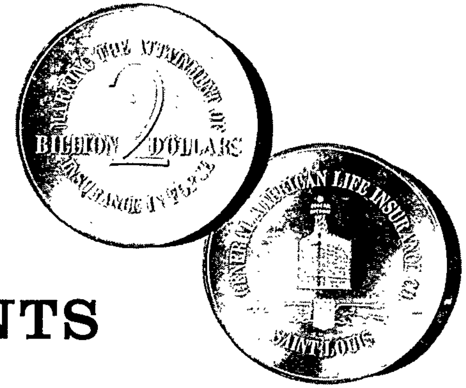
As of December 31, 1955, our corporate bond account totaled $63,107,519.28 or 28.1% of total assets. The high caliber of the holdings in this account is evidenced by a list of these holdings enclosed with this report. Under the well-known Moody's rating system, the list averages Aa.

The largest single category of corporate securities held is committed to the power and light industry because this industry is characterized by a great stability of earning power regardless of the various phases of the economic cycle and hence the bonds of these industries have a very high investment status. Other categories include industrial corporations engaged in a wide variety of manufacturing and commercial processes basic to the American economy. Transportation and communication likewise represent sizable portions of the account, as well as obligations of the large financing companies which facilitate so importantly the purchasing power of the American people for consumer goods.

Some indication of the impact of $63,000,000 in corporate securities can be gained from the realization that according to computations of the National Association of Manufacturers approximately $12,000 in tools is required for each job in American industry. Thus, the bond account of General American Life supplies the equipment providing jobs for 5,250 workers, equal to the industrial labor force of cities like Sioux Falls, S. D., Laredo, Tex., Green Bay, Wisc., and Lexington, Ky.

Last year the corporate bond account returned an average yield of 3%. Gross yield on new purchases was 3.3%, again indicating the conservative caliber of investments purchased.

INVESTMENTS



MORTGAGE LOANS

In 1955 the Company concentrated its investment activities in the field of mortgage loan lending in order to take advantage of the interest yields available during the current period of high level residential construction. A total of 1,492 loans were made during the year involving $20,907,922 which was sufficient to replace the "run-off" or partial or complete liquidation of loans in force at the beginning of the year amounting to over $12,000,000 and to add approximately $8,000,000 to the total portfolio. At the year end mortgage loans of all types totaled $111,336,731.51 or 49.6% of the total assets of the Company. In 1954 as of December 31, the comparable figure was $103,404,336.71 or 48.3% of total assets.

Included in the mortgage loan account is $42,868,269.76 in loans insured by the Federal Housing Administration and $6,329,069 guaranteed by the Veterans Administration. The remaining $62,139,391.94 are conventional first mortgage loans amounting to no more than two-thirds of the fair market value of the properties securing them. They are well diversified as to location and almost without exception are loans fully amortized over their life. They thus afford a high degree of both liquidity and diversification as to risk. In the main, conventional loans are secured by newly constructed homes located in relatively new and strategically situated neighborhoods.

The payment record of our mortgagors has been little short of phenomenal. In the past 20 years, only 5 conventional loans have necessitated foreclosure and these resulted in no loss. However, it is realized that this results primarily from the most prosperous economic conditions that the country has ever known and that this payment record can not be expected to continue indefinitely. Accordingly, adequate provision for future interest and capital losses is being made through the accumulation of a reserve equal to one-fourth of 1% of mean ledger assets adjusted for capital gains and losses.

The gross average yield on the entire mortgage loan account during 1955 amounted to 4.61% as compared to 4.55% in 1954, and 4.83% ten years ago. This is, of course, before expenses, taxes and provisions for losses. The gross yield of loans made in 1955 amounted to 4.71%.

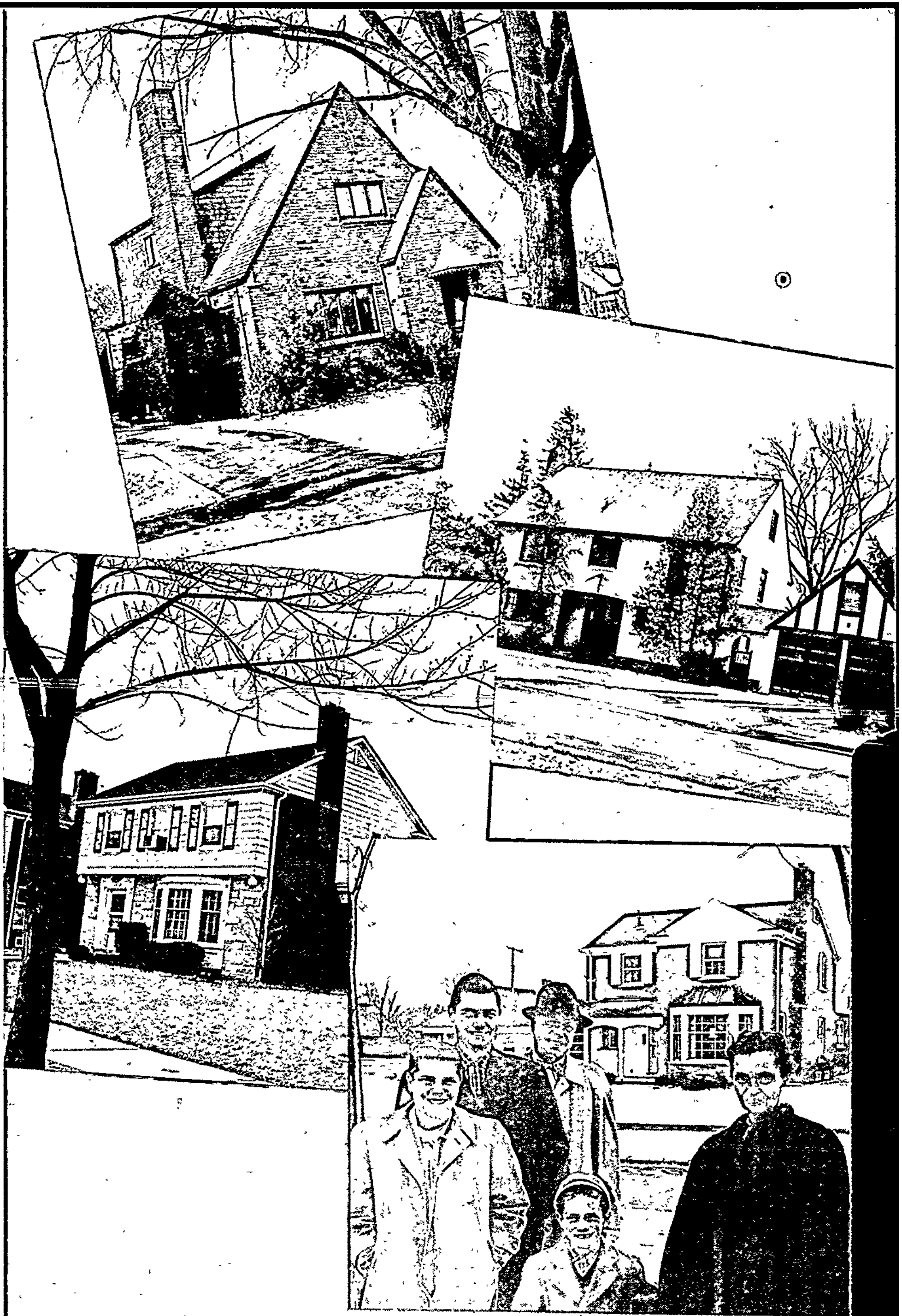
It is, of course, apparent that life insurance dollars perform a double function in that while they are securing the economic well-being of the policyholders, they likewise work constantly through their investment outlets for the economic well-being of the nation as a whole. The social implications of these investments is however sometimes little appreciated. For example, in 1941 General American Life made an FHA loan to a family in the South, whose daughters were then pre-teenagers. On two subsequent occasions the parents refinanced their loan with us in order to obtain funds for their daughters' educations at the University. Both daughters are now college graduates and are employed as public school teachers.

Thus it is that through the prosaic medium of mortgage loan financing human life values are created which make life more pleasant and constructive.

The manager of one of our mortgage loan offices recently made this interesting observation:

"Our loan records show that the children of many of our borrowers will be unable to return to any one house and say 'This is where I grew up', for modern families are coming to deal with homes as they do automobiles and trade them in frequently. We have many borrowers to whom we have made loans on two homes or even three, as they have increased income or family size.

"The record so far as our office is concerned, is held by the Maurice Greenfields for whom we have financed four homes, each larger than the previous one, since 1948. As they have sold the former home they have brought the purchasers to us for financing so that we now hold four excellent mortgages to four different families on the Greenfield's homes. Recently Mrs. Greenfield called to say that they are considering a new and larger home in 1956."



Progression of homes owned since 1948 by Mr. and Mrs. Maurice Greenfield of Detroit, each financed in part by the Company.

DIRECTORS

C. R. ANTHONY
Chairman of the Board and President
C. R. Anthony Company
Oklahoma City, Okla.

President, Citizens State Bank; Vice Chairman of Board, Liberty National Bank; Director, Southwestern Bell Telephone Company, First National Bank of Ardmore, Oklahoma, National Cowboy Hall of Fame; Treasurer, Y.M.C.A.; Member, Rotary Club.

***EDWIN M. CLARK**
President
Southwestern Bell Telephone Co.
St. Louis, Mo.

Member, American Humanics Foundation; President, Civic Progress, Inc.; Chairman, Expressways Committee Chamber of Commerce of Metropolitan St. Louis; Director, Mercantile Trust Company, A.S. Aloe Company, Member Executive Board, St. Louis Council Boy Scouts of America; Recipient of St. Louis Award—1953.

PRESTON ESTEP
President
Transit Casualty Company
St. Louis, Mo.

President, Manufacturers and Merchants Indemnity Company; Secretary Treasurer, National Hotel Enterprises, Inc., President National Underwriters Incorporated; President, Peoria City Lines; Vice President and Treasurer, The Underwriters Company; President, Transit Insurance and Securities Corp.

JAMES M. KEMPER
Chairman
Commerce Trust Company
Kansas City, Mo.

Chairman, Pickering Lumber Corporation, Keystone Corporation; President and Director, Downtown Redevelopment Corporation; Member Executive Committee, Gas Service Corporation, Midwest Research Institute; Director, Maryland Casualty Co., Missouri Pacific Railroad Company, Owens-Corning Fiberglas Corporation; Trustee, Conservatory of Music of Kansas City, Kansas City Museum, Kansas City University.

***HARRY H. LANGENBERG**
President
Langenberg Bros. Grain Co.
St. Louis, Mo.

Director, First National Bank, St. Louis Union Trust Co., Member, the Board of Endowment Fund Trustees, Young Men's Christian Association.

SIDNEY MAESTRE
Chairman
Mercantile Trust Company
St. Louis, Mo.

Director, Granite City Steel Company, Missouri-Kansas-Texas Railroad Co., Trans-World Airlines, Inc.; Mississippi Glass Co., Rice-Stix, Inc., Transit Casualty Co.; Chairman, 1955 Citizens' Bond Issue Supervisory Committee; Recipient of St. Louis Award-1955.

J. W. McAFEE
President
Union Electric Company of Missouri
St. Louis, Mo.

Director, Union Electric Co., Electric Energy Inc., American Automobile Ins. Co., American Central Insurance Co., St. Louis Municipal Theatre Association, St. Louis Council Boy Scouts of America, St. Louis Union Trust Co., Washington University; Trustee, Barnes Hospital.

***WILLIAM A. McDONNELL**
President
First National Bank of St. Louis
St. Louis, Mo.

Director, American Automobile Insurance Co., American Central Insurance Co., Federal Reserve Bank of St. Louis, Frisco Railroad, McDonnell Aircraft Corp., Southwestern Bell Telephone Co.; Trustee, Missouri Public Expenditure Survey, Governmental Research Institute; Chairman, United Fund Campaign for Greater St. Louis 1955.

***TOM K. SMITH**
Chairman
Boatmen's National Bank
St. Louis, Mo.

Director, American Telephone and Telegraph Co., Midwest Piping Company, Wabash Railroad Co., former special advisor on banks and banking matters to Secretary of Treasury; past president American Bankers Association; past president Board of Curators, University of Missouri. Recipient of St. Louis Award —1932; Chairman, St. Louis Citizens Charter Committee—1956.

***SIDNEY W. SOUERS**
Chairman of the Board
St. Louis, Mo.

Rear Admiral United States Naval Reserve. Board member, McDonnell Aircraft Corporation; Board Chairman, National Linen Service Corp. (Atlanta); Former Director of Central Intelligence Agency, Executive Secretary, National Security Council and Consultant to the President of the United States on Security Matters.

EDWIN J. SPIEGEL
Chairman and Chief Executive Officer,
Gaylord Container Corporation St. Louis, Mo.

Vice-President, Member Executive Committee and Member Board of Directors, Crown Zellerbach Corporation; President, St. Louis Symphony Society; Director and Member Executive Committee, Chamber of Commerce of Metropolitan St. Louis; Director, First National Bank of St. Louis, Illinois Central Railroad; Trustee, The Governmental Research Institute, Westminster College.

***HUGH STEPHENS**
President
Board of Curators
Stephens College
Columbia, Mo.

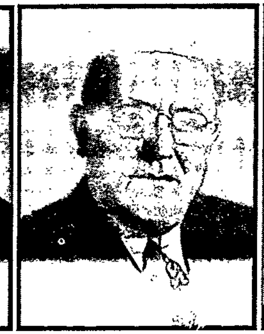
Former President, Exchange National Bank of Jefferson City; Member, Jefferson City Planning and Zoning Committee; Treasurer, Missouri Public Expenditure Survey; Director, Missouri's Public Works Program; Former member, Missouri. State Highway Commission.

JOHN S. SWIFT
Chairman
John S. Swift Company, Inc.
St. Louis, Mo.

Director, Mercantile Trust Company, St. Louis, St. Louis Fire and Marine Insurance Company; Member, Advisory Board, St. Louis Council Boy Scouts of America.

JOHN L. WILSON
Vice-President
Anheuser-Busch, Inc.
St. Louis, Mo.

Chairman Executive Committee and Director, St. Louis Public Service Co.; Vice-President and Financial Officer and Member of Board of Directors, St. Louis National Baseball Club; Director, Anheuser-Busch, Inc., First National Bank of St. Louis, Liberty Loan Corporation, Missouri Portland Cement Company, Municipal Theatre Association, National City Lines (Chicago), St. Louis Council Boy Scouts of America, St. Louis Crime Association.



HOWARD I. YOUNG
President
American Zinc, Lead & Smelting Co.
St. Louis, Mo.

Director, Baltimore and Ohio Railroad Co., Mercantile Trust Co., Southwestern Bell Telephone Co., American Zinc Institute, Washington University, Lindenwood College; President, American Mining Congress; former Deputy Administrator of Defense Materials Procurement Agency.

SAM D. YOUNG
President and Chairman of the Board
El Paso National Bank
El Paso, Texas

President, Board of Trustees, Providence Memorial Hospital; Member Executive Council, American Bankers Association; Director, El Paso Times, El Paso Hotel Company, Federal Reserve Bank of Dallas, Hilton Hotels Corporation (Chicago), Hilton Hotels International, Inc. (New York), Hotel Waldorf-Astoria Corporation (New York), Texas and Pacific Railway Company (Dallas).

ADVISORY COUNCIL
L. RAY CARTER, *Chairman*

* EXECUTIVE COMMITTEE

MEN WITH THE ABILITY TO MAKE AN INSTITUTION GROW

The company's achievement of $2 billion insurance is in great part a tribute to the leadership of these outstanding men, who serve as members of our Board of Directors, as well as to the admirable spirit of division heads and officers whose experience and industry smoothed the road to this accomplishment.

*POWELL B. McHANEY, *President, General American Life Insurance Company, St. Louis, Mo.*

Director, Anheuser-Busch, Inc., General Contract Corporation, St. Louis Chamber of Commerce, Southwestern Bell Telephone Company, Transit Casualty Co.; Executive Committee, American Life Convention, Institute of Life Insurance; Member and former President, Board of Curators, University of Missouri; Trustee, Lindenwood College; Recipient of St. Louis Award—1954.

OFFICERS

OFFICERS

SIDNEY W. SOUERS, *Chairman of the Board*

POWELL B. McHANEY, *President*

GENERAL ADMINISTRATION

JOHN S. MASTERSON, *Planning Officer*

AGENCY DIVISION

FRANK VESSER, *Vice-President*

Richard H. Bennett, *Field Vice-President*

Carl H. Lane, *Superintendent of Agencies*

Eugene V. Boisaubin, *Director of Agencies, Eastern Division*

C. E. Fritsche, *Director of Agency Training*

Anthony Gatzert, *Agency Secretary*

GROUP DIVISION

EMIL E. BRILL, *Vice-President*

Ray Ely, *Group Actuary*

L. Wayne Kauble, *Superintendent Group Sales and Service*

Frank Thompson, *Asst. Supt. Group Sales and Service*

William C. Scharinghaus, *Manager Group Policy Administration*

Stanley A. Cocklin, *Manager Group Underwriting*

ACTUARIAL DIVISION

OTTO J. BURIAN, *Vice-President and Actuary*

Edward L. Faith, *Associate Actuary*

Douglas Wood, *Manager Life Underwriting*

MEDICAL DEPARTMENT

JAMES H. READY, M. D. *Medical Director*

G. F. Rendleman, M. D. *Assistant Medical Director*

ACCOUNTING DIVISION

VICTOR F. BACHLE, *Acting Comptroller*

Edgar W. Baseler, *Associate Comptroller*

Alfred D. Froning, *Manager Group and Premium Accounting*

Roland Aegerter, *Manager Tabulating*

Howard A. Sanders, *Manager General Accounting*

Burt H. Fehlig, *Acting Manager Investment Accounting*

INVESTMENT DIVISION

J. G. DRISCOLL, *Financial Vice-President*

Daniel Upthegrove, Jr. *Assistant Vice-President*

Paul K. Justus, *Manager Farm Real Estate*

PUBLIC RELATIONS DIVISION

STANLEY M. RICHMAN, *Vice-President*

A. William Evans, *Manager Personnel*

Carol R. Scott, *Manager Advertising*

Oliver Siegmund, *Manager Personal Accident and Sickness Development*

Samuel F. Doty, *Manager Home Office Building*

Thomas E. Ashcraft, *Auditor*

TREASURER'S DEPARTMENT

HENRY F. CHADEAYNE, *Treasurer*

LAW DIVISION

FRANK P. ASCHEMEYER, *Vice-President and General Counsel*

Paul G. Ochterbeck, *Associate General Counsel*

Joseph E. Jacques, *Tax Officer*

A. J. Bockwinkel, *Manager Group Benefits*

Elmer A. Jungclaus, *Manager Policyholders Service*

SECRETARY'S DIVISION

HARRY F. ROLLETT, *Secretary*

Samuel C. Boggess, Jr., *Manager Budget and Purchasing*

Lynn Kennedy, *Manager Service Department*

FIELD ORGANIZATION

The top award for the best all-around agency in 1955 was won by Otto A. Jeanes Agency of Chicago. Otto Jeanes (at right) admires the President's Million Dollar Cup which has just been presented by President McHaney.

Life insurance is not a commodity which is purchased "over the counter" so to speak. By and large it must be sold to the purchaser in personal conversation and consultation on a face to face basis. Nor is it a simple matter if the life insurance is to perform its function to the maximum degree. For the problems which it is equipped to solve and the needs which it fulfills are as broad and complex as human life experiences themselves.

There is therefore an element of service contained in the sale of every life insurance policy. To provide this selling service to the public, life insurance companies depend upon the efforts of their sales organizations known in the insurance business as "agency" organizations. Although it is not and cannot be reflected in the balance sheet, an agency organization of high quality and caliber is one of the most important assets a company can possess. If it is of low quality it can be a distinct liability. The field organization of General American Life, consisting of 474 full-time representatives and several hundred part-time agents and brokers, is one of its greatest assets. It is a growing and vibrant group composed of men of character, integrity and ability.

1955 witnessed a substantial expansion of our agency field organization in terms of full-time career men. Fundamental to the program of attracting and training men of ability has been the development of an agency contract which offers the possibility of a satisfying and rewarding career in direct relation to efforts expended and results obtained. The contract is called a Lifetime Security Franchise because it affords the opportunity for lifetime security through continued earnings directly related to effort expended.

The Company provides a variety of educational and training programs to qualify its representatives to render a professionalized service to their clientele. One of the programs, known as the Charted Career Program, is in effect the executive development program for the sales branch of our business. It provides step-by-step training for college graduates with the view of developing career type general agents and technically trained group insurance field specialists. Likewise, there is an abbreviated course for the college graduate who has had several years of business experience, known as the LSF Agency Management Program. At the present time 37 men have completed or are participating in these courses.

From time to time training seminars are held for general agents and district managers in the home office. Representatives of the Agency Division constantly travel the operating territory of the Company to conduct training meetings within individual agencies.

The rapidity with which the agency organization is growing is illustrated by the fact that in 1955 30.55% of the Company's total Ordinary life sales were accounted for by field associates in their first contract year with the Company. During the year, 10 new general agencies and district managerships were established. New locations in which the Company obtained representation were located principally in the Southwest. Sales agencies of the Company now total 82.

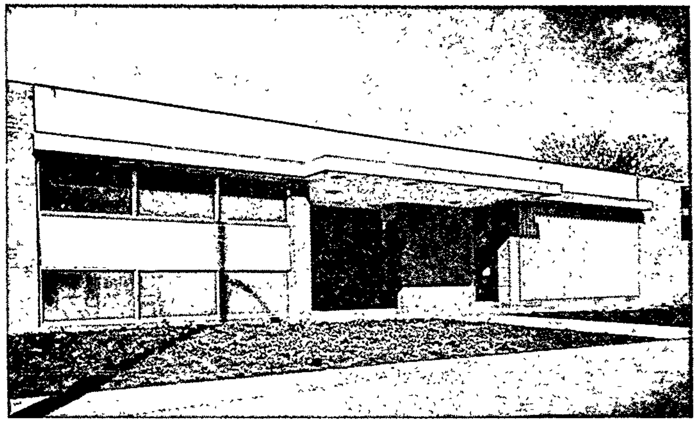
Maurice Levine, of the Maurice Levine Agency, Los Angeles, who won the award for the best agency building job in 1955.

Elmer S. Rosenthal of the Adam Rosenthal Agency of St. Louis is awarded the Life Volume Leader Plaque for the full-time individual representative having the largest amount of first year paid Ordinary volume for 1955.

Group Leader Plaque was won by James L. (Shine) Williams, district manager, J. Orlando Ogle Agency, Birmingham, Alabama. Award was made for the full-time agent having the largest amount of first year group paid premiums for 1955.

Fred R. Sale, CLU, of the Fred F. Sale Agency of St. Louis wins the Accident and Sickness Leader Plaque. He had the largest amount of first year personal accident, sickness and hospitalization paid premiums for 1955.

Louis W. E. Laudel *of the James J. Roberts Agency, St. Louis, became Recruit of the Year with the largest amount of first year paid Ordinary life volume, to lead the top ten first year producers. He was awarded the Recruit of the Year Plaque.*



Home of new General Agency headed by Gordon Mandt in Corpus Christi, Texas.

Others of the top-ten first year men pictured here:

Warren Barbareck

Sam Brown

Allen Y. Chang

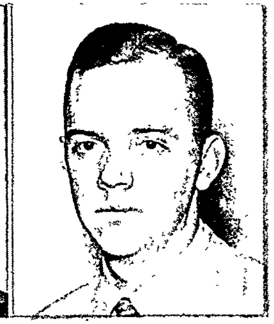
Joseph Graves

Lawrence King

William S. Marshall

Gene Morgan

Robert Shankland



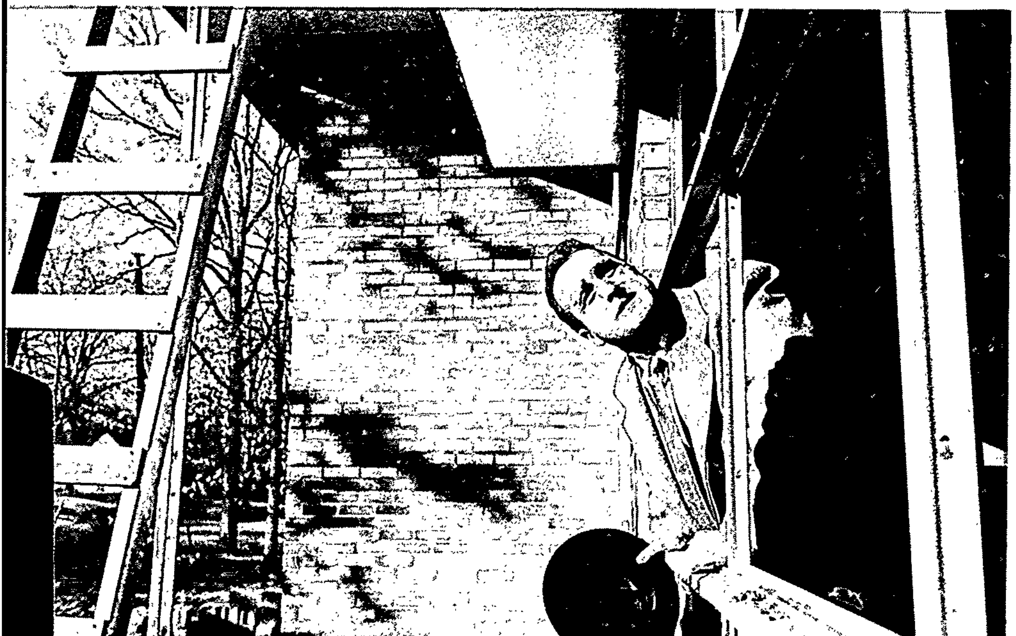
V. Randy Workman

Pictured above are 10 new field representatives of General American Life whose first year's anniversaries with the Company occurred in 1955. Their Ordinary or individual sales during their first year ranged from $435,533 to $883,648, with an average of $574,415. Top man named "Recruit of the Year" was L. W. E. Laudel of St. Louis.

62-80295-65

~~94-1-4392-6~~

Like the seminars held for group sales representatives—week long seminars for General American Life's group claim representatives are held to sharpen skills and improve policyholders service in the field.



Bill Finney, investment field representative, checks progress on a new building. A construction loan from General American Life is being used to help finance this project.

GROUP FIELD ORGANIZATION

A well qualified, salaried staff represents the Company in those important field areas — sales, service and benefits payment.

The Group Insurance Division directs a highly trained staff of group field representatives to assist our field associates and brokers in the sales and servicing of the 26 different forms of group coverage offered to employer-employee organizations, unions, trusteed Health and Welfare Funds and Employer Associations.

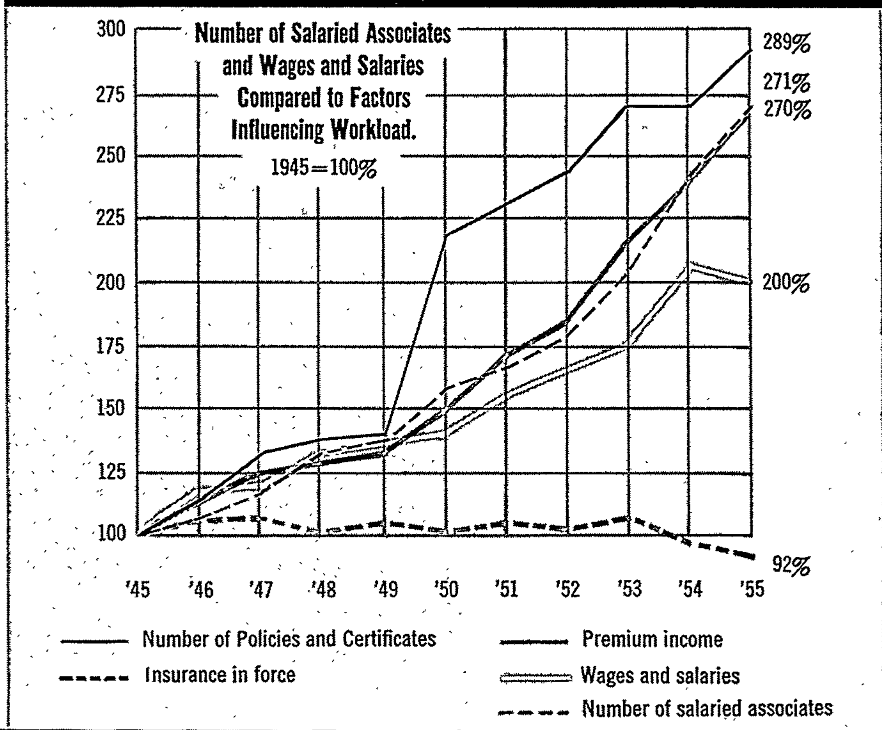
These group field representatives are proven specialists in a highly competitive and specialized field. Most of them are graduates of our own intensive Charted Career Training Program. At present, there are 35 such field representatives, 4 of whom are on military leave of absence. Just ten years ago there were 6 group field representatives serving our operating territory.

A second salaried group of staff specialists representing the company in the field under the Group Division is the Group Claims staff. These well-trained claims experts handle the prompt payment of claims at the Company's 14 field claims offices which are located throughout the country to assure rapid efficient service. These offices do not include those of our General Agents and of which a group claim service is rendered.

INVESTMENT FIELD OFFICES

Mortgage loans are handled through Company operated mortgage loan field offices in various strategically located cities throughout our operating territory. In 1955, three additional investment field offices were established bringing the total to 15. The activities of these offices in obtaining and processing loan applications, appraising properties, and servicing our mortgagors are under the direction of salaried managers who carry out the established investment policies of the Company. They are trained both in the field and in the home office. Every individual mortgage loan is authorized and approved by our Board of Directors, upon the recommendations of the field office managers, and a home office Investment Committee.

President McHaney, Paymaster Meredith Layton and Associate Lillian Kerls, go over revised payroll after "O'Toole Dividend."



HOME OFFICE ADMINISTRATION

Early in 1955 there was concluded a so-called operational audit or survey of the systems and procedures used in the Home Office. The survey was conducted over an 18-month period by an outside firm of management consultants who have specialized in insurance company operations for many years, known as O'Toole Associates. Representatives of the O'Toole organization were greeted with a relatively high degree of cooperativeness by the supervisory staff and as a result were able to make detailed recommendations regarding every phase of home office administration. These recommendations, some of minor consequence and some of major import, numbered several hundred.

During 1955 each of these suggestions was carefully studied by the officers and supervisors involved and where there was no disagreement steps were taken to make them effective. By the year end over 60% of all the recommendations were in effect and substantial progress had been made in accomplishing the remaining approved suggestions. The result was markedly increased efficiency.

The adoption of streamlined procedures has reduced the number of clerical and administrative positions in the home office by 19.36% during the period from the beginning of the survey to the end of 1955. In 1955 alone 52 positions were eliminated. In no case was an associate of the Company dismissed because of the elimination of any position, but by reason of the large number of young women employed in clerical activities we were able to effect the reduction through the normal processes of turnover; that is, by not filling positions vacated through resignation or termination for other reasons.

This remarkable record would not have been possible without the understanding and cooperation of the staff as a whole. The Company is fortunate in having an able and effective staff of associates and it is the policy of the Company to reward them fairly and in keeping with prevailing wage rates in the community and in the industry.

The management of a life insurance company requires the fair and equitable treatment of three groups of individuals . . . its policyholders, its field representatives and its home office associates . . . and the interests of all of them must be blended to the end that the company accomplishes its basic objective in providing sound life insurance at the lowest possible cost. In keeping with that philosophy, when the

President McHaney presents a $25 check to Fred Pehm, manager of the mailing room, for suggestion approved by awards committee. At left is planning officer John A. Masterson.

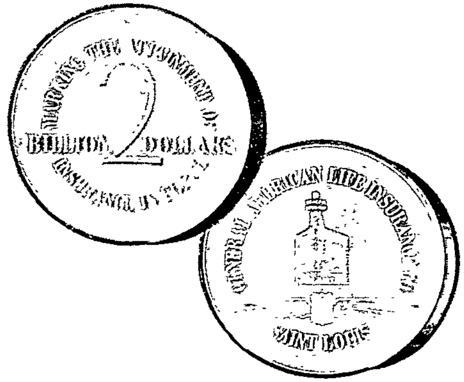
President McHaney presenting certificates to some of the associates who passed the examinations of the Life Office Management Association. Alfred O. Froning, third from left, is the only St. Louisan to hold a fellowship in L.O.M.A.

O'Toole survey was announced, its full implications were thoroughly discussed with and explained to the staff as a whole. It was made clear that each individual had a personal stake in the effective operation of the entire Company.

Accordingly, when the majority of the recommendations resulting from the survey had been approved and put into effect and, with the help and cooperation of all, had proved productive, associates in the first five levels of work participated in a portion of the savings effected by a general wage increase which we called "The O'Toole Dividend."

Another noteworthy occurrence during 1955 was a so-called Attitude Survey conducted among our associates by a qualified personnel consultant. A detailed 7-page questionnaire was completed by a very high percentage of those working for the Company. Of course, not everyone answered every question. The results were tabulated and analyzed. The findings were remarkable and confirm the fact that this Company and its policyholders enjoy the benefits of the efforts of a loyal and dedicated salaried staff.

For example, one question was "Do you feel that as an individual you have pride in being in the insurance business which serves people?" 313 answered "Yes"; 9 answered "Generally No"; and 3 "Definitely No." Another question was "Do you feel that your thinking and your work makes a difference in the success of the Company?" 285 answered "Yes" and 38 were in doubt, and 5 answered "No." To the question "Do you believe that General American Life is a company with a future?", 337 answered "Yes" and 3 answered "No." Only 9 people thought that they were not kept well-informed about Company matters as a whole; the overwhelming majority thought that the program of work improvement resulting from the O'Toole recommenda-



HOME OFFICE

Operation "Hot Dog" at General American Life brings out everybody in jeans and work togs ready for the annual cleanup at home office devoted to clearing desks and files of unnecessary correspondence and records. The affair takes on the gaiety of a picnic and hot dogs and cokes are served throughout the day.

Marlene Banker, from investment accounting, discards records that have no further use.

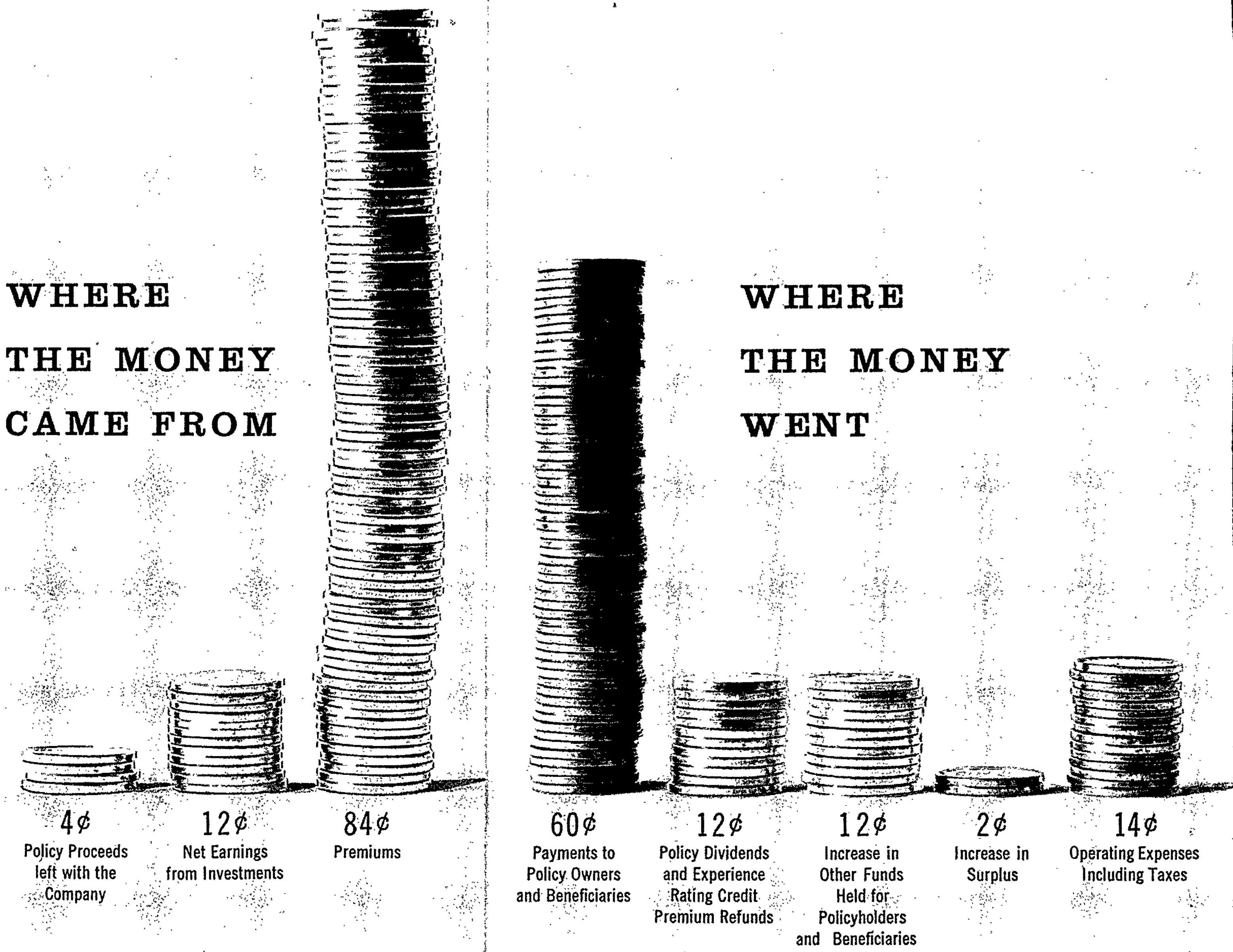
This year's "Hot Dog Day" netted 7335 pounds of waste paper. It is shown at left awaiting the salvage truck.

Junior Achievement Club sponsored by the company. This is one of the many community projects in which our civic minded home office associates participate.

tions was an excellent step in the development of a sound company.

Of course, the survey uncovered several areas which need attention and they will be given attention. The purpose of the survey was to locate such areas. These areas primarily involve training on the job and supervisory training. The conclusion of the consultant who conducted the survey was, "Considering the major changes which have taken place, this is a loyal, cooperative interested group." It is the continuing purpose of your Company to cause its affairs to be administered by understanding people who feel a genuine interest in what they are doing.

INCOME AND DISBURSEMENTS
(Accrual Basis)



INCOME

	1955	1954	1945
Premiums were the major source of income	$49,386,850.91	$43,338,684.58	$18,160,608.67
Some policy payments are left with, or returned to, the company	2,307,244.82	2,173,615.98	1,122,207.86
Investment income	8,807,683.28	8,283,358.97	6,121,537.55
Profits realized on sales or liquidation of assets	133,059.28	348,314.77	1,790,097.46
TOTAL	$60,634,838.29	$54,143,974.30	$27,194,451.54

EXPENDITURES AND CHANGES IN RESERVES

	1955	1954	1945
Policy benefits were the major disbursement	$33,588,903.37	$29,198,242.00	$12,269,192.22
Funds left on deposit benefited their owners	2,025,627.48	1,947,446.45	1,011,299.20
Taxes consumed a sizable portion of income	1,471,653.21	1,300,649.65	689,830.34
Operating expenses	8,356,824.89	7,492,424.61	4,117,654.68
Some sales and adjustment of values of assets resulted in losses	382.13	8,346.86	124,954.51
Policy reserves increased	5,199,803.84	5,572,954.37	4,378,153.75
Reserve for optional settlements on certain Ordinary policies not yet matured increased	115,411.39	60,391.38	None
Group mass hazard and excess morbidity reserve increased	553,012.00	504,611.00	146,504.00
Reserve for mortality fluctuation increased	531,079.00	554,355.00	None
Reserve for fluctuation in asset values increased	627,870.00	732,732.00	None
Reserve for lien reduction increased	None	None	2,444,918.74
Provision for funding past service annuities under Company's retirement plan	177,754.14	303,951.54	None
TOTAL	$52,648,321.45	$47,676,104.86	$25,182,507.44
Net gain before dividends and experience rating credit premium refunds to policyholders	7,986,516.84	6,467,869.44	2,011,944.10
Dividends and experience rating credit premium refunds to policyholders	6,981,787.57	5,513,455.51	1,346,650.53
Net gain after dividends and experience rating credit refunds to policyholders	1,004,729.27	954,413.93	665,293.57

CHANGE IN SURPLUS FUNDS

	1955	1954	1945
Capital and surplus funds beginning of year			
Capital and guarantee fund	None	None	500,000.00
Surplus funds	8,698,100.30	7,743,686.37	2,261,135.25
Surplus and earnings applied to retirement of stock for mutualization	None	None	881,075.49
Increase in Surplus Funds	1,004,729.27	954,413.93	(—) 215,781.92
Capital and surplus funds end of year			
Capital and Guarantee fund	None	None	500,000.00
Surplus funds	9,702,829.57	8,698,100.30	2,045,353.33

FINANCIAL STATEMENT

ASSETS	December 31, 1955		December 31, 1954		December 31, 1945	
Cash on Hand and in Banks	$ 4,153,271.80	(1.8%)	$ 4,423,368.90	(2.1%)	$ 6,072,544.36	(4.1%)
Bonds: U. S. Government	*23,915,518.14*	(10.7%)	*24,508,774.55*	(11.4%)	*63,565,516.44*	(43.2%)
Other Bonds	*63,107,519.28*	(28.1%)	*60,488,950.09*	(28.3%)	*3,161,481.80*	(2.1%)
TOTAL BONDS	87,023,037.42	(38.8%)	84,997,724.64	(39.7%)	66,726,998.24	(45.3%)
First Mortgage Loans on Real Estate	*62,139,391.94*	(27.7%)	*55,794,042.01*	(26.1%)	*24,098,677.69*	(16.4%)
F.H.A. Loans	*42,868,269.76*	(19.1%)	*40,234,676.82*	(18.8%)	*19,826,898.10*	(13.5%)
Loans Guaranteed by Veterans' Administration	*6,329,069.81*	(2.8%)	*7,375,617.88*	(3.4%)	*None*	
TOTAL MORTGAGE LOANS	111,336,731.51	(49.6%)	103,404,336.71	(48.3%)	43,925,575.79	(29.9%)
Home Office Building and Other Real Estate	2,137,218.04	(1.0%)	2,118,356.38	(1.0%)	6,964,551.30	(4.7%)
Stocks	None		None		797,014.00	(.6%)
Interest and Rents Accrued But Not Yet Due	1,523,932.69	(.7%)	1,414,171.56	(.7%)	710,174.48	(.5%)
Interest and Rents Due *(None of which is past due more than 90 Days)*	151,889.83	(.1%)	126,843.72	(.1%)	134,899.80	(.1%)
Other Assets, Principally Net Premiums In Course of Collection	4,957,231.99	(2.2%)	4,231,489.84	(2.0%)	1,881,371.23	(1.3%)
Balance of Initial Policy Liens	None		None		2,561,125.00	(1.7%)
Loans to Policyholders	12,931,461.98	(5.8%)	13,174,216.40	(6.1%)	17,392,362.67	(11.8%)
TOTAL ASSETS	$224,214,775.26	(100%)	$213,890.508.15	(100%)	$147,166,616.87	(100%)

GENERAL AMERICAN LIFE INSURANCE COMPANY

LIABILITIES	December 31, 1955	December 31, 1954	December 31, 1945
Policy Reserves	$188,661,636.44	$182,897,616.65	$132,767,183.51
Premiums and Interest Paid in Advance	1,956,724.73	1,957,411.93	840,580.18
Reserved for Taxes	1,355,479.82	1,256,311.55	768,529.32
Amounts Held in Escrow	3,657,912.12	3,493,550.48	6,271,983.73
Reserve for Accounts Not Yet Due	1,384,600.09	1,040,627.33	517,763.73
Policyholders' Dividends	6,866,949.49	5,630,207.91	2,374,254.07
Mass Hazard Reserve for Group Insurance	4,323,581.00	3,770,569.00	1,080,969.00
Reserve for Mortality Fluctuation	3,072,766.00	2,541,687.00	None
Reserve for Fluctuation in Asset Values	3,232,296.00	2,604,426.00	None
TOTAL	$214,511,945.69	$205,192,407.85	$144,621,263.54
Capital Stock and Guaranty Fund	None	None	500,000.00
Surplus Funds	9,702,829.57	8,698,100.30	2,045,353.33
TOTAL LIABILITIES	$224,214,775.26	$213,890,508.15	$147,166,616.87

SOUND PROVISIONS FOR THE FUTURE

Your company has for a number of years set aside and earmarked reserves to meet foreseeable disbursements of a special nature. In the past, many life insurance companies have built up surpluses to meet any contingencies but more and more life insurance companies today are recognizing that all foreseeable disbursements are liabilities and are adopting the practice of earmarking specific reserves to meet them.

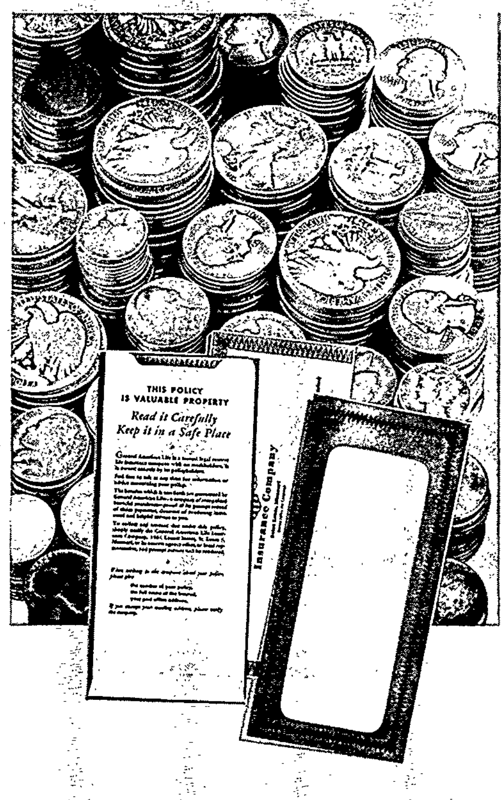
The financial statement of General American Life reflects its precautions in this respect. During 1955 we increased these special reserves by $1,827,372.39. Aside from $9,702,829.57 unallocated surplus which is available to meet unforeseen contingencies, General American Life has provided funds for the specific purposes shown.

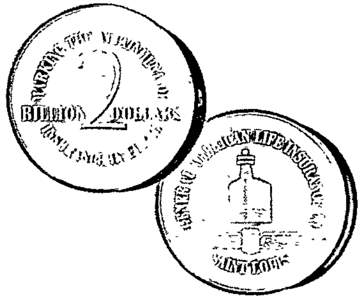
The existence of all of these provisions is ample reassurance that however long the promises of General American may extend in the future, they will be fulfilled.

REGULAR POLICY RESERVES INCREASED.

$6,500,000

It is also pertinent to observe that in 1948 the regular policy reserves on the older policies were reviewed and revalued realistically in the light of anticipated experience based upon current conditions. Original reserves on these policies required the company to earn 3.5%. This original basis was changed so as to require a net earnings of 2.9%, thereby strengthening the underlying security of your company.





RESERVE FOR ANTICIPATED LOSSES IN CONNECTION WITH POLICY OPTIONS.

$3,864,532

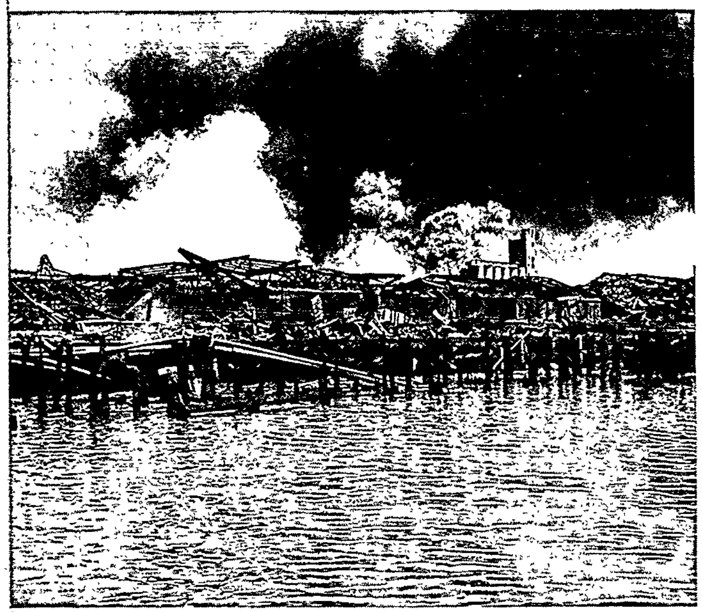
Included in the $188,661,636.44 of policy reserves is the sum of $3,864,532 earmarked as a reserve for the future exercise of policy options. These guaranteed options contained in policies issued long ago provide for guaranteed incomes and annuities based on a rate of interest no longer realizable on choice investments. They fail to take into consideration the improvement in mortality that has been enjoyed by annuitants who regularly receive income throughout life. This means that losses will be incurred when such policy options become effective unless provision is made for them.

RESERVE FOR FLUCTUATION IN ASSET VALUES AND IN MORTALITY.

$6,305,062

The purpose of this reserve is to provide for capital losses and loss of interest income as investment conditions change. It also serves to offset deficiencies in net investment income below that required to maintain ordinary policy reserves—a condition that may arise (as it has in the past) when interest rates are depressed or large scale defaults occur during periods of depression.

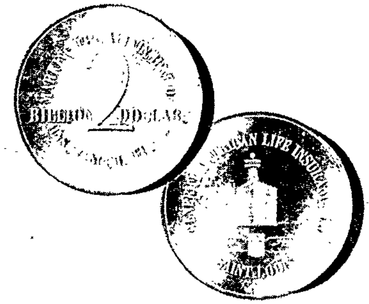
Also included in this reserve is a provision for excess mortality on ordinary policies. In the long history of man, there have always occurred periods of pestilence, war and epidemics which have taken an extra toll of human life. It is, therefore, the part of wisdom and necessity to make provision for such occurrences in the future.



MASS HAZARD RESERVE FOR GROUP INSURANCE.

$4,323,581

By its very nature, group insurance covering large numbers of people concentrated together is exposed to a catastrophe hazard to a far greater degree than is ordinary life insurance. Explosions in large factories, mine disasters, widespread fire, violent tornadoes, epidemics and many other types of death-dealing disasters can result in multiple fatalities and illnesses among individuals insured under a common group policy. Such an event results in extraordinary loss above and beyond the normal annual expected claim rate as contemplated in the yearly premium charged for such insurance. This reserve is set aside to make ample provision for such extraordinary losses. It is particularly necessary in connection with the operation of a large group account such as your company possesses.



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Norman D. Lange
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NOTICE TO POLICYHOLDERS

The General American Life Insurance Company is owned entirely by its policyholders and operated solely in their interests. Policyholders are entitled to vote, either in person or by proxy, at the annual meeting which is held at 9:00 a. m. on the fourth Tuesday of January at the Home Office of the company in St. Louis, Missouri.

62-80295-65
~~94-1-4392-6~~

General American Life Insurance Company